Austria	Sch22	Indonesia	Rp3100	Portugal	Esc100
Bahrain	Din0.650	Israel	NS3.50	S.Arabia	Rls6.00
Belgium	BFr48	Italy	L1600	Singapore	S$4.10
Canada	C$1.00	Japan	Y600	Spain	Pta125
Cyprus	C£0.75	Jordan	Fils500	Sri Lanka	Rup30
Denmark	DKr9.00	Kuwait	Fils500	Sweden	SKr8.00
Egypt	E£2.25	Lebanon	$L125.00	Switzerland	SFr2.20
Finland	Fmk7.00	Luxembourg	LFr48	Taiwan	NT$85
France	FFr6.50	Malaysia	Rlm4.25	Thailand	Bht50
Germany	DM2.20	Mexico	Pes300	Tunisia	Din0.800
Greece	Dr100	Morocco	Dh6.00	Turkey	L500
Hong Kong	HK$12	Netherlands	Fl3.00	UAE	Dh6.50
India	Rup15	Norway	Nkr8.00	USA	$1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,382 Friday November 6 1987 D 8523 A

Argentina: pressure grows for economic change, Page 8

World News

S Africa releases veteran ANC leader

Black nationalist leader Govan Mbeki, 77, jailed 23 years ago for plotting to overthrow the South African Government, was released from Robben Island jail off Cape Town.

His release followed a review of his case ordered by President P.W. Botha. Asked to define his present political position, Mbeki said he was still a communist and still embraced Marxist views. Page 28.

Extra $3.2m for Contras approved

The US House of Representatives approved $3.2m of new, non-lethal aid for Nicaragua's Contra rebels on the day that foreign aid to insurgencies in Central America was due to end under a regional peace plan.

Meanwhile the Contras said they would step up their war against the Nicaraguan Government until the two sides negotiated a ceasefire. **Reagan to seek Contra aid, Page 8.**

Santiago blacked out

Leftist rebels claimed responsibility for bombs which briefly blacked out Santiago and much of central Chile.

Bridge loan for Brazil

BRAZIL'S leading creditor banks are discussing a bridge loan in negotiations in New York which have been continuing for nearly two weeks to partially end Brazil's eight-month-old interest payments suspension. Last night bankers said that the two sides were still divided. **N. Korean debt talks, Page 28**

Schoolboys' war

Some 150,000 Iranian schoolboys fought on the Gulf war battlefront last year - and provided some of the best frontline troops - Iranian Education Minister Kazem Akrami said. **UN efforts dismissed, Page 4**

French missile plea

France appealed for the US to keep nuclear weapons in Europe, revealing fears over the course of superpower disarmamanet talks. Page 3

SDI compromise near

White House officials and congressional negotiators were close to an agreement under which the US Administration would limit Strategic Defence Initiative testing in the 1988 fiscal year so as not to breach interpretation of the 1972 Anti-Ballistic Missile treaty. Page 8

Spanish tomato demo

Spanish farmers protesting against restrictions on tomato exports to France brought Madrid traffic to a standstill when they blockaded a main square and dumped tomatoes in front of the French embassy. **Peace talks, Page 2**

Airline workers fast

More than 130 South Korean employees of Northwest Airlines went on hunger strike to urge the US carrier to start talks on better job security.

Beirut strike

Strikers closed Beirut's banks, offices and shops in protest against 12 years of civil war, crippling inflation and the Government's failure to bring peace and stability.

Haiti ballot blaze

Arsonists destroyed the printing company preparing ballots for Haiti's presidential election later this month. **Election controls spark violence, Page 8**

Greek students protest

About 15,000 Athens University students staged a demonstration in the centre of Athens demanding increased spending on education.

Jayewardene in India

President Junius Jayewardene of Sri Lanka began a two-day visit to India. Page 4

Business Summary

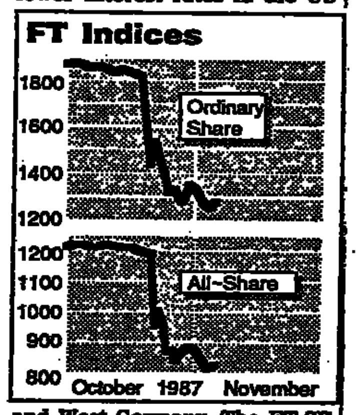
Telex plans to raise $878m in junk bonds

TELEX, beleagured US maker of computer peripherals and airline reservation systems, unveiled an $878m recapitalisation plan as insurance against the failure of a higher offer from Mr Asher Edelman, the New York investor. Page 29

RALPH INGERSOLL, US publisher, has bought a controlling interest in two UK newspapers in a deal worth more than £60m ($105m). Page 29

LONDON: Traders reacted with cautious optimism to moves to lower interest rates in the US and West Germany. The FT-SE 100 index closed a net 30.7 higher at 1,638.8. Page 46

FT Indices



WALL STREET: the Dow Jones industrial average closed up 40.12 at 1985.41. Page 58.

TOKYO: The yen's strength against the dollar and falls on overseas stock markets pulled down share prices across the board. The Nikkei average closed 430.88 lower at 22,629.65. Page 58.

DOLLAR closed in New York at DM 1.6770; Y135.05; SFr1.3710 and FFr5.6760. It closed in London at DM1.7150 (DM1.7120); Y137.35 (Y137.05); SFr1.4130 (SFr1.4150); FFr5.83 (FFr5.8050). On Bank of England figures, the dollar's exchange rate index rose from 98.0 to 98.1. Page 39

STERLING closed in New York at $1.7790. It closed in London at $1.7415 ($1.7390); DM2.9875 (DM2.9775); Y239.25 (Y238.25); SFr2.4600 (unchanged) and at at FFr10.1525 (FFr10.0950). Page 39

NORSK HYDRO, partly state-owned Norwegian energy and industrial group, has purchased the remaining 20 per cent stake in Cofaz, the French fertiliser company, from joint owners Total, the French oil group, Paribas, the French bank and Rhone-Poulenc, the diversified chemicals group.

SIGE, Milan-based investment bank and one of Italy's most important lead-managers of new share issues, is to postpone four company debuts on the bourse. Page 30

HYDRO-QUEBEC, Canadian electric power utility, earned C$362m (US$ m) in the first nine months, up from C$63m a year earlier. Page 29

LIBERAL-DOMINATED Senate in Ottawa is expected to end its blockade of the Mulroney Government's patent drug bill after months of attempts to change it. Page 29

DAIWA HOUSE Industry, one of Japan's largest home builders, boosted pre-tax profits 60 per cent in the first half to September to reach Y15.39bn ($112.5m) compared with Y9.61bn. Page 31

CHINA LIGHT and Power, Hong Kong electricity generating company, reported after-tax profits for the year to September of HK$1.67bn (US$214.1m), a 13 per cent improvement on profits a year earlier of HK$1.47bn. Page 31

HONGKONG LAND, leading Hong Kong property group, unveiled plans to redevelop one of the few remaining sites at the heart of the Central financial district - number 9 Ice House Street - for about HK$1bn (US$128.2m). Page 31

ISHIKAWAJIMA-HARIMA Heavy Industries, Japanese shipbuilding and heavy engineering group, reported a sharp reduction in interim losses. Page 31

US prepared to risk further fall in dollar to avoid recession

BY STEWART FLEMING IN WASHINGTON AND RODERICK ORAM IN NEW YORK

THE WHITE HOUSE yesterday signalled that it is ready to risk a further fall in the value of the dollar on the foreign exchange markets in order to avoid a recession.

On Wall Street, this confirmed market participants' belief that the US Administration had decided on the trade off between the dollar and monetary policy. For more than a week, foreign exchange dealers have been aggressively selling down the dollar, and its decline continued yesterday.

Stock and bond markets rallied strongly as the worldwide trend towards lower interest rates was reinforced at home by a one-quarter point cut in banks' prime rate and abroad by lower central bank rates in West Germany and Switzerland.

The first public signs of a shift in US policy came in an interview with Mr James Baker, US Treasury Secretary, published in the Wall Street Journal yesterday. White House spokesman Mr Marlin Fitzwater, said, "he is our chief economic spokesman. Those comments do reflect the Administration's position."

"We certainly want to avoid a recession. We believe that we will do that, that the markets will stabilise and an appropriate degree of confidence will return to the market situation."

In the newspaper interview Mr Baker is quoted as saying he wanted to "make sure" that the Federal Reserve kept "sufficent liquidity in the system." The report also said that "Mr Baker emphasised that he is not going to try to maintain ranges for the dollar at the expense of US monetary policy." The report also said that Mr Baker believed "that tight monetary policy and rising interest rates contributed to the (stock) market plunge" on October 19.

Later Mr Fitzwater added to his comments that "the US remains committed to the Louvre agreement and will continue co-operating closely with its G7 partners to foster exchange rate stability." But Mr David Mulford, Assistant Secretary for International Affairs at the Treasury, told a Congressional panel that he thought the Louvre Accord had been misunderstood. Stablising exchange rates did not mean taking a particular rate and attempting to keep it at that level through the use of policy measures aimed at preventing movement, he said.

While carefully avoiding direct criticism of West Germany, he added, "in view of the lack of evidence of growing inflationary pressures" it was important for the world economic outlook that central banks in countries with current account surpluses stuck to their recent decisions to lower short-term interest rates and give "renewed consideration....to the possible scope for further fiscal actions to generate improved growth consistent with maintaining the gains on inflation that have been made."

Shortly after the markets opened yesterday, in moves which may well have been influenced by Mr Baker's comments favouring a continuation of the easy monetary policy the Federal Reserve instituted to maintain market liquidity after Wall Street's crash, a group of major US banks led by Chase Manhattan cut their prime rates by one quarter of a percentage point to 8¾ per cent.

Treasury Secretary James Baker: first signs of shift

US investors, eager to lock in yields before they fell further, bid aggressively for bonds, which drove prices up and yields down. The Treasury's benchmark 8.75 per cent 30-year bond rose 1½ points, cutting its yield to 8.79 per cent. The prime rate cut had been expected because of the rapid fall recently in banks' cost of funds.

Some analysts were disappointed, however, that the cut had not come earlier and was only ¼ point. They said a half point cut had been justified by key interest rates such as on Fed funds and Eurodollars.

Stocks overcame a small dip at the opening to rise rapidly on the back of lower interest rates. The market was encouraged by the explicit statements from Mr Baker and the White House that the Administration was willing to let the dollar fall to help stave off a domestic recession.

Dealers were disappointed that the Bundesbank had not cut its discount rate but said the dollar would probably have fallen just as much anyway. "Baker's remarks mean there is not a forseeable bottom for the dollar in sight," a New York trader said.

Near the close of trading the Dow Jones Industrial Average was up more than 50 points, but it eased slightly as it once again ran into difficulty breaching the psychologically important 2,000 level.

Currency declines despite European interest moves

BY SIMON HOLBERTON IN LONDON

WEST GERMANY and Switzerland yesterday cut their official interest rates as European and Japanese central banks launched an unsuccessful attempt to stabilise the dollar on foreign exchanges.

The dollar lost more than 2 per cent of its value against major currencies in European trading in the wake of US government indications that it wanted the dollar to find its own level.

The dollar fell to an all time low against the yen despite massive intervention, reported to be about $1.5 bn, by the Bank of Japan, and in the face of the European interest rate cuts.

The Bundesbank said it cut some of its key interest rates to support the dollar and ease strains within the European Monetary System, although it left its discount rate unchanged.

In a concerted attempt to shore up the EMS exchange rate mechanism, the Bank of France raised official interest rates, taking some pressure off the franc.

In a joint statement, Mr Gerhard Stoltenberg, the West German Finance Minister, and Mr Edouard Balladur, his French counterpart, said the changes would help stabalise the EMS, and be seen as a "contribution to the promotion of stability on the foreign exchanges and other financial markets in a wider international context."

The Dutch central bank, which had cut its discount rate on Tuesday, also said its decision was part of the co-ordinated move to lower European interest rate levels and preserve existing EMS parities.

In New York, however, leading US banks reduced prime lending rates by 0.25 percentage points to 8¾ per cent, which may offset effects of the European action to lower interest rates.

The UK Government's decision to lower the base lending rate on Wednesday was not part of the concerted action and reflected domestic concerns.

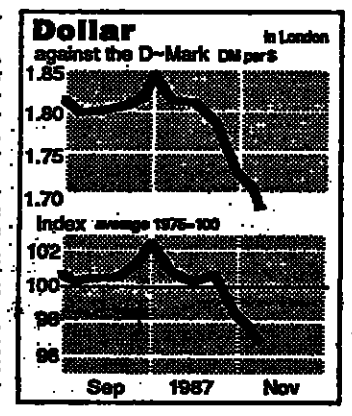
The base rate reduction failed to dampen the pound, which continued to rise on the foreign exchange markets.

It was the reported statement of Mr James Baker, the US Treasury Secretary, that he was not prepared to see US interest rates rise, and therefore risk a recession, to defend the dollar, which sent the US currency sharply lower.

White House confirmation of Mr Baker's remarks as US government policy further undermined the currency in early New York trading.

The Bundesbank cut its "repo," or repurchase rate, from 3.8 per cent to 3.5 per cent, and also trimmed its Lombard rate from 5 per cent 4.5 per cent. It left its discount rate unchanged at 3 per cent.

Dollar in London



The Bank of France lifted its money market intervention rate from 7½ per cent to 8¼ per cent, and raised the seven-day repurchase rate from 8 per cent to 8.75 per cent.

The immediate effect was to strengthen the franc slightly in terms of the D-Mark. The interest rate realignment took some of the pressure off the franc, but French Finance Ministry officials said the measure would last only in the short term if the

Continued on Page 28

Details, Page 3; International bonds, Page 32; Lex, Page 28

Commons clash on UK-US relations

BY PETER RIDDELL, POLITICAL EDITOR

A MEETING of the Group of Seven industrial countries will be held to discuss co-ordinated international action, including possibly lower interest rates, but only after the US administration and Congress have agreed measures to reduce its budget deficit, Mr Nigel Lawson, the British Chancellor, of the Exchequer, said last night.

He was speaking during a rowdy parliamentary debate on the economy during which there were repeated angry exchanges between Mr Lawson and Mr John Smith, Labour's Shadow Chancellor, and Mr Neil Kinnock, the Labour leader.

Labour argued that there was a conflict between Mr Lawson's strongly worded warnings in a recent speech to the US about reducing its budget deficit and an allegedly softer cable sent on Wednesday evening by Mrs Margaret Thatcher, the Prime Minister, to President Reagan personally . Mr Kinnock said this was to mitigate the impact of the Chancellor's speech.

The official expanation was that Mrs Thatcher's cable was to give "support and encouragment" to the President in his efforts. Mr Lawson told MPs that, while the words were different from his speech, "the message was the same."

During the debate Mr Lawson said further reductions in interest rates were "a distinct possibility" as part of such an international package. This would include both measures on the monetary front and structural action to improve the performance of various economies, under the terms of last February's Louvre accord.

He repeatedly stressed that such an international package had to be based on the US putting its house in order as soon as possible. The US measures should involve action to reduce

Continued on Page 28

BP share buy-back begins in low key

Offer to British investers to buy-in BP shares starts today. But the Bank of England hopes to avoid widespread take-up of the offer by small investors. It will buy shares back direct, cutting out dealing costs, taxes and duties. A low key newspaper advertising campaign is to be aimed at what the Bank calls "the more sophisticated investor".

FBI arrests fugitive broker as Bonn delays VW sale again

BY ANDREW FISHER IN FRANKFURT

MR JOACHIM SCHMIDT, the fugitive West German foreign exchange broker sought in connection with the currency fraud at Volkswagen, has been arrested in the US.

Following a seven month search, the 39-year old Frankfurt broker was found late on Wednesday night in an apartment in the Los Angeles suburb of Hollywood, according to the West German Federal Criminal Office.

The news of the arrest coincided yesterday with an announcement from Bonn that the West German Government was to postpone yet again the sale of its remaining shares in Volkswagen following the setback for world stock markets.

Fraudulent currency dealings at VW which came to light in March forced the car producer to make provisions of DM473m ($278m) in its 1986 accounts.

Mr Schmidt was detained by the Federal Bureau of Investigation, with German criminal officials present. German officials will request his extradition under treaty agreements with the US.

The currency scandal has already led to the arrests of Mr Burkhard Junger, VW's former chief foreign exchange dealer, Mr Lutz Quaquil, another VW dealer, and a third unnamed currency trader at the company.

Police have also investigated a secretary of Mr Karl Otto Poehl, president of the Bundesbank, on suspicion of passing documents to Mr Schmidt for money.

VW made provisions of DM473m in its accounts for 1986 to cover the fraud losses. It said this week, when announcing a 6.5 per cent rise in profits for the first nine months to DM393m, that the emergence of further foreign exchange losses of DM15m did not necessitate the setting aside of further sums.

The Government had already deferred its plan to sell its 4.8m VW shares (carrying 20 per cent of voting rights) because of the currency fraud. But two months ago, Mr Gerhard Stoltenberg, the Finance Minister, said the sale might take place this year.

Mr Stoltenberg had been hoping that the proceeds of the VW sale could be used to help finance this year's budget deficit. Yesterday, however, his ministry said that developments on the stock market had led to a further postponement.

The collapse in the VW share price in the past few weeks means that the Government's 16 per cent shareholding now has a market value of less than DM 1.3bn compared with DM 1.8bn at the end of September.

The Finance Ministry said the Government still wanted the share disposal to occur "as soon as possible". But this would have to be at a time that was right for the market.

Yesterday, VW's share price eased further by DM2 to DM262. At the end of last year, it stood at DM427 and was at DM364.50 before the present turmoil in world stock markets started.

Fiat calls off telecom merger talks with Italtel

By Alan Friedman in Milan

ITALY'S Fiat group yesterday announced its decision to withdraw from the planned merger of its Telettra telecommunications subsidiary with Italtel, the larger telecoms company owned by the IRI-Stet state holding concern.

The move shocked both Italian financial and political circles. A Republican member of the chamber of deputies has already demanded that a parliamentary inquest is held to discover who was responsible for the failed merger.

The Fiat decision marks the end of two years' negotiations between the Turin private sector conglomerate and the Rome-based state industrial group.

The talks were aimed at creating Telit, a unified Italian telecoms group, which would have had combined sales of around $1.5bn. Telit, which was to have been 48 per cent owned by Fiat, 48 per cent by IRI-Stet and 4 per cent by Mediobanca, the Milan merchant bank, was described by both sides as an essential strategic move to reach the critical mass needed for the Italian telecommunications industry to secure a further international joint venture in order to compete on the European and world market.

Fiat said in a terse one-sentence statement that, "with sorrow and bitterness," it had informed Stet that it was renouncing the joint initiative in the face of what Fiat called: "persistent behaviour that contradicts fundamental agreements reached between the parties on the essential outlines for the operation of Telit."

Fiat, Italy's biggest private sector group, explained later that the stumbling block had been the nomination of Mrs Marisa Bellisario, Italtel managing director, to the same position at Telit.

"The nomination was made in September unilaterally and without our consent. Now, after a month of attempted mediation, the matter has still not been resolved and we feel there has been an infringement of the pacts," the company said.

IRI-Stet last night issued a statement rejecting "in the firmest manner, the accusations by Fiat of having violated any agreements".

Last month IRI maintained that the choice of Mrs Bellisario was in line with an agreement that Fiat would choose the Telit president (who was to have been Mr Rafaele Palieri of Telettra) and IRI-Stet the managing director.

An IRI official last night denied that the choice of Mrs Bellisario had been political (Mrs Bellisario is a Socialist).

CONTENTS

S KOREA'S ELECTION HOPEFULS TAKE TO THE HUSTINGS,

Opening shots have been made to find a successor to President Chun Doo Hwan, Page 2

W German orders fall 4.3% in September

WEST GERMAN manufacturing orders provisionally fell by a real, seasonally-adjusted 4.3 per cent in September after a downwardly revised 6.5 per cent rise in August, the Economics Ministry said, Reuter reports from Bonn.

The ministry last month said that August orders had risen by a provisional 7.4 per cent.

The orders index (base 1980 and expressed in volume terms) stood at a provisional 110 in September, after 115 in August, revised from 116, and 108 in July.

The Economics Ministry said domestic orders had fallen by 8 per cent in September from August, after an 11 per cent rise the previous month, while foreign orders were unchanged after a previous 5 per cent rise.

It described the August rise in orders as extraordinarily strong and said it was influenced by special factors.

According to statistics from the Bundesbank, the West German central bank, the orders index stood at 108 in September last year, producing a year-on-year rise of 1.9 per cent.

Belgrade quit call

A Slovenian trade union organisation has demanded the resignation of the Yugoslav Government because its proposed anti-inflation austerity package is unacceptable, state newspapers reported yesterday, AP reports from Belgrade.

The Dutch have gone further in advocating price cuts in cereals than Brussels, Tim Dickson reports

Rational voice of the Netherlands makes itself heard

THE Dutch may only have a *small voice in Europe but it deserves* to be heard loudly in any discussion of farm policy reform.

After all, the Common Agricultural Policy was modelled partly on Dutch lines: no fewer than three European Community commissioners for agriculture (including Mr Sicco Mansholt, the original architect of the CAP, and the present incumbent Mr Frans Andriessen) *have hailed from Holland*. As one experienced diplomat from another member state candidly put it this week: "The Netherlands is the country which probably comes closest to having a rational approach to the future of European agriculture."

A rational approach (it is safe to assume this means much lower *guaranteed prices*) is not likely to prevail in the crucial negotiations now taking place between EC farm ministers on the Commission's wide-ranging proposals to stabilise agricultural spending. But if the attitudes of France and West Germany in the north and the tactics of the Mediterranean bloc in the south will ultimately determine the extent of this round of CAP reform, the view of the Dutch may well carry more weight than their modest number of votes in EC Council meetings would suggest.

"They act as honest brokers in a number of areas and what they say often influences the outcome of a debate," the same senior diplomat explained. "Given the history of the CAP they see themselves as the unofficial guardians of the policy."

From Mrs Thatcher's point of view it is also significant that a net recipient of EC budgetary funds like the Netherlands is also complaining vociferously about the spiralling costs of the CAP - estimated at more than Ecu27bn (£18.36bn) for this year, against a 1987 budget of just Ecu23bn. Indeed Mr Gerrit Braks, the Dutch Agriculture Minister, has gone further in advocating *sharper cuts in cereals* and other prices than Brussels itself has so far proposed.

The spiralling costs of the Common Agricultural Policy threaten to undermine the European Community's attempts to provide a sounder basis for its future financing, the central issue at the heads of government summit in Copenhagen on December 4-5. In the third of a series of articles from national capitals, we look at the political, economic and social factors influencing individual governments on the farm issue

His argument that lower prices are justified at a time of low inflation and falling feed costs is certainly sound, but he knows also that Dutch farmers *are more capable of absorbing* the additional pain than most of their counterparts.

Dutch agriculture since the Second World War has become a byword for super-efficiency. With only 2m hectares of farmland, 130,000 farms and an average unit size just half the French norm, the Netherlands *has become the world's second* biggest farm exporter after the US and in dairy, poultry and horticulture it is the biggest. Three-fifths of total agricultural production is sold beyond the Dutch border - trade worth Guilders 49bn (£14.6bn) a year at the last count.

The secret of this success lies in the Netherlands' intensive farming methods - buying feedstuffs at cheap prices on world markets and the highly concentrated use of fertilisers - plus a shrewd application of computer technology to animal husbandry and crop management. Proximity to ports like Rotterdam offers a key competitive advantage.

Efficient production methods go a long way towards explaining why the Dutch have learned to live with EC milk quotas, even if they still baulk at the principle of supply controls and young farmers complain about the upward pressure on land prices. The imposition of quotas for each member state in 1984 spurred the Dutch into further improving their yields, reducing costs and maximising profit to the extent that in the early days many farmers were able to pay the supposedly penal superlevy and still make a return.

Last December's decision to *cut quotas* by another 10 per cent has admittedly caused serious adjustment problems for dairy farmers in the Netherlands, but the high and as yet uncut guaranteed milk price is a rich reward for the many farmers *that* can survive the tighter regime.

If sound structures have been the key to survival for the Dutch dairy sector and for growers of the so-called free products such as potatoes, onions and flowers which are not covered by an EC market regime (but which make up 60 per cent of the Netherlands agricultural output), the same cannot be said of the cereals sector (centre stage in the political *negotiations*).

Cereals in the Netherlands account for less than 2 per cent of production and just 10 per cent of land utilisation but those who depend for their livelihood on the crop tend to be in the northern part of the country in areas such as Groningen, where the soil is not so suitable *for alternative products*.

Bigger than average price cuts for cereals could upset the delicate balance between wheat starch and potato starch, and could knock already depressed potato prices as harder-hit farmers start to grow larger quantities of these and other products (a trend which *some already suspect to be the* result of milk quotas).

In the absence of across-the-board price reductions, the Netherlands' main concern in the negotiations appears to be to avoid this knock-on effect on other sectors. This is why Mr Braks is paradoxically keen that spending limits *should not be applied strictly to* each product but should contain sufficient flexibility so that under-spending in one arable sector can be used to cover a higher-than-expected liability in another.

The indications at the end of a high level meeting of agricultural *experts in Brussels this* week are that member states may eventually agree to a combination of modest price cuts or increases in the so-called co-responsibility levy, plus some form of production restraint in an effort to stabilise the EC cereals harvest at the Commission's target of 155m tonnes.

AGRICULTURE IN THE EC
NETHERLANDS

The principal Dutch concern is to avoid the introduction of national quotas in the cereals *sector - a solution for which Mr* Ignaz Kiechle, the West German Farm Minister, is strongly pushing but which Mr Braks argues will be administratively complex, will fail to deal with the basic structural problem, and will create the much-feared knock on distortions in other regimes.

The Dutch appear ready to swallow a land "set aside" scheme on condition that it is not compulsory, that the compensation for those taking part is generous, and as long as the *aim is not an across the board* cut in land utilisation throughout the member states.

Mr Braks' *preference* for deeper price cuts is shared by most Dutch farmers (with the exception of cereals producers), though the minister has been criticised by the press and in parliament recently for being too soft on the Commission. Mr Marius Varekamp, president of the main farmers' organisation the *Landbeouwschap*, accepts that action must be taken to control CAP spending but does *not* like the idea of production targets which are built into many of the new mechanisms.

Whatever *is* resolved before the Copenhagen summit in early December is likely to arouse fewer passions over the long term than the environment, the main Dutch domestic preoccupation. With 15m tonnes of surplus, *chemical-rich manure* from the country's 5m cows and 14m pigs (more than the human population), farm pollution is a huge problem, particularly in the south.

Tough laws place limits on the expansion of individual pig producers in some areas as well as imposing other controls. Dutch ingenuity in dealing with the challenge is not to be under-estimated but although a recent *opinion poll showed* no great popular hostility to farmers - 90 per cent said that they would not mind if their daughter married a farmer - some experts fear this could change.

Previous articles in the series appeared on October 29 and November 4

France and Spain seek truce in tomato war

BY DAVID WHITE IN MADRID

SENIOR FRENCH and Spanish trade officials are due to meet *today in an attempt to impose a* truce in the two countries' latest tomato war.

The conflict over Spanish tomato growers' difficulties in sending their produce to France flared yesterday morning, when angry exporters used lorries to block central Madrid streets, offloaded tomatoes in front of the French embassy, and brought traffic in the capital to a virtual standstill.

The *incidents threatened* a repeat of a similar battle at the same time last year, which culminated with Spanish protesters blocking the main frontier crossing at La Jonquera in the eastern Pyrenees region.

Exporters said they were protesting because of the "hostile attitude" of the French Agriculture *Ministry* and the *slowness* of efforts by Spanish authorities to resolve the problem. They also complained that tomatoes from Morocco were receiving more favourable treatment on the French market.

Exports of tomatoes from the Spanish Mediterranean region to France are subject to a timetable and *minimum* price system. Like other Spanish fruit and vegetables, they do not start being integrated into the EC farm system until 1990.

Mr Miguel Angel Fernandez Ordonez, Secretary of State for Trade, said the obstacles which France was putting in the way of Spanish tomatoes were "devoid of economic sense", and only benefited other countries.

Pensions to rise in Portugal

BY DIANA SMITH IN LISBON

THE 2m Portuguese who receive old age, disability or subsistence pensions have had a pre-Christmas bonus. *Pensions* and supplementary benefits will increase by 10 to 14.7 per cent on December 1.

The Government forecasts inflation of 6 per cent for 1988: in principle therefore, pensioners will have added buying power of between 4 and 7.7 per cent.

Portugal has had a spectacular *rise in numbers of pensioners* since 1975. Citizens who had no social security benefits under the old regime are now included in the system - not only the elderly, but hundreds of thousands of Portuguese who suffer from handicaps or are permanently disabled by road or work accidents.

Although Portugal has Europe's highest growth in numbers of pensioners, its wage and pension levels are abysmal, if *slowly improving. The minimum* monthly wage is now supposed to be Es26,000 (£107) for industry and Es22,000(£91) for rural workers. However, many do not even earn this and, until the matter was brought to light some months ago, scores of small companies were using child labour for 10-12 hour days *at Es8,000 a month or less to* avoid paying rising minimum adult wages.

The latest pension increase - the third given by Mr Anibal Cavaco Silva's government since 1985 - raises disability or old age pensions from Es11,500 to Es13,000 a month. Pensions for rural workers rise from Es8,500 to Es9,600 a month.

With supplements for serious disability or old age, and subsistence supplements increased to Es4,140 and Es2,900, a state pension plus supplement could now yield a monthly Es17,300.

Thanks to new legislation permitting the creation of pension schemes for private or public enterprises, employees who hitherto received no pension after 30 years or more with a company, can now look forward to a less-deprived old age.

Soviet view of Prague Spring strikes chill

BY LESLIE COLITT IN BERLIN

CZECHOSLOVAK officials have reacted with stony silence to remarks by a senior Soviet historian calling for a reassessment of the Soviet-led Warsaw Pact occupation of Czechoslovakia in August, 1968.

Mr Georgi Smirnov, head of the Marxism-Leninism Institute *of the Soviet Communist* Party, said on Wednesday that it was time to "think over the events of 1968."

While Czechoslovak party officials declined comment, diplomats in Prague said the party leadership could only be dismayed. They pointed out that any condemnation of the invasion by *Moscow* would only weaken the position of the Czechoslovak leadership under Mr Gustav Husak which came to power in April, 1969.

Virtually anticipating Mr Smirnov's remarks, the main Czechoslovak Communist newspaper, *Rude Pravo, in an* interview last Monday with a Soviet correspondent, asked *for Moscow's evaluation of the* doctrine of "limited sovereignty" of Communist countries which was attributed to the late Soviet leader, Mr Leonid Brezhnev. This doctrine was widely regarded as having provided the justification *for* Czechoslovakia's occupation and the ousting of its reformist *Communist leader*, Mr Alexander Dubcek.

The Soviet journalist said the "so-called" Brezhnev doctrine was a "legend invented and cultivated in the West." Moscow's position, he noted, was given by Mr Mikhail Gorbachev *on a visit to Prague last* April.

Mr Gorbachev said then that relations between Communist countries were based on "equality" and the "independence" of each party. No one had the right to claim a "special position" in the Communist world, he said.

The Soviet leader reaffirmed his position in a speech last Monday for the 70th anniversary *of the Soviet revolution. He* added that relations between Communist countries were governed by "socialist internationalism," a term apparently replacing "proletarian internationalism," which was widely used by Moscow under Mr Brezhnev.

Diplomats in Prague expressed some doubt that Mr Gorbachev would permit a radically new appraisal of the events of 1968. During his visit to Prague and Bratislava last April, he was repeatedly asked by ordinary Czechoslovaks in the crowds for his views on what happened in 1968. *He* replied that "you went through a difficult time and we were with you."

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Collapse of telecoms deal blow for Italy

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

THE COLLAPSE of Italy's attempts to bring together its two main indigenous telecommunications equipment manufacturing companies could be a critical blow to the Italian industry. Even together, the two businesses would have been minnows on the world scene and relatively marginal in Europe; alone, their ability to negotiate with the big players which are increasingly calling the shots in the rationalisation of the European industry will be severely limited.

For the past two years, the European producers outside Italy have been waiting impatiently for the promised marriage between Italtel, owned by the nationalised IRI-Stet, and Telettra, a subsidiary of Fiat. Any number of manufacturers have made their way to Turin for discussions; all have returned empty-handed because neither Italian company wanted to do a unilateral deal.

It now looks as though Italtel and Telettra will have to chose their own partners individually - and their foreign competitors are likey to hammer home the point that they have less to offer a potential partner singly than together.

The Italian companies, like other significantly-sized manufacturers in Europe, are being forced into cross-border combinations because of the inexorable shake-out of manufacturing capacity in the industry.

With the advent of digital switching technology Europe no longer needs a great deal of its physical manufacturing capacity. Telephone exchanges have become giant computers, in which far more of the investment lies in development and software adaptation.

The result is that companies need to cut capacity and invest heavily in technology; and they all need bigger markets against which to offset mounting research and development costs. Hence the drive to capture overseas sales outlets through takeovers and alliances.

Forging these combinations is inevitably tortuous in Europe, where telecommunications production is a political issue because of the close ties between the producers and the state-owned telephone service monopolies. But the process of change has been set in motion over the past two years in a series of deals.

In the most significant of these, Alcatel of France has established itself as the leading European equipment producer by its daring acquisition of the controlling interest in the telecommunications activities of ITT, the US conglomerate. This has effectively knocked one of the major vendors out of the race, and given Alcatel a strong position in West Germany as well as in France.

France has also been partly instrumental in the emergence of Ericsson, the Swedish manufacturer, as a significant pan-European force. Ericsson won the battle to take over CGCT in France earlier this year, giving itself 16 per cent of the French market to add to its stakes in Italy and the UK.

INTEREST RATE CHANGES IN EUROPE

Double-vision at the Bundesbank

BY ANDREW FISHER IN FRANKFURT

WEST GERMANY'S Bundesbank was looking in two directions as it moved yesterday to cut interest rates.

To try to prevent what had been looking like an imminent realignment within the European Monetary System, it acted jointly with France to ease EMS tensions. And by bending to some extent in the direction desired by the US - though it left the key discount rate unchanged at 3 per cent - the central bank was doing its best to halt a further slide in the dollar.

However, the US currency fell below DM1.69 for the first time as the Bundesbank's package was widely seen as halfhearted.

The lower 3.5 per cent rate for the next round of securities repurchase deals with commercial banks reversed the tighter monetary trend of recent months. Less significantly, the emergency Lombard funding rate was cut, for what seemed mainly cosmetic reasons, from 5 to 4.5 per cent.

Within the EMS, the moves had a rapid effect as the French franc strengthened.

The joint move between West Germany and France, which raised its short-term rates to help strengthen the franc, also apparently demonstrated a greater willingness to co-operate in trying to stabilise the EMS since member countries agreed in September on measures to strengthen the system.

"This is having an effect and should prevent an early realignment," said Mr Ulrich Ramm, chief economist at Commerzbank. He also welcomed the decision to reduce the securities repurchase (repo) rate from the present 3.80 per cent.

"This is the most elegant solution they could have found," he added. Commerzbank had argued against the steady rise in the "repo" rate from 3.55 per cent in July. It was the increase to 3.85 per cent in mid-October which angered Mr James Baker, US Treasury Secretary. The Bundesbank then changed tack by abandoning the tender system for a fixed 3.80 per cent rate two weeks ago.

This week, the central bank did not offer commercial banks any such refinancing through its usual "repo" accords, as liquidity had been increased by currency intervention and other Bundesbank actions. As for the Lombard rate cut, Mr Ramm said this "is more for show, but a very good show."

In recent weeks, the Bundesbank has been divided between its need to adapt to international pressures in the interests of currency stability and anti-inflationary sentiment within West Germany. Both sides are represented on the bank's 17-strong policy-making council, which decided on the measures yesterday, but appear to have sunk their differences for the time being.

However, said Mr Hermann Remsperger, chief economist at BHF-Bank: "There is a small question mark over whether this action will stabilise the EMS. This would mainly depend on the further development of the D-Mark/dollar rate."

Without clear US action to cut the budget deficit, the situation could become restless again. "Markets are impatient and they expect faster decisions in US financial policy. If they have to wait too long, then their nervousness increases."

For the time being, the Bundesbank seems to have dropped its attempts to bring money supply, measured by its central bank money stock, back on target. Although inflation remains below 1 per cent, hardliners on the Bundesbank council have felt that money supply should be tightened to avoid future price increases.

By deciding not to cut the key discount rate, the Bundesbank has left itself with the freedom for further action if the US does make progress on deficit-cutting, said Mr Giles Keating, an economist with Credit Suisse First Boston in London. "They are keeping a little bit of powder dry."

In European terms, he added, "it is the first positive sign of the new-style EMS that has been promised." West Germany sends just over half its exports to EC countries, far more than to the US.

EMS mechanism cranked into action

BY GEORGE GRAHAM IN PARIS

FRANCE AND West Germany yesterday put into practice the agreements they reached in September at Nyborg in Denmark on the strengthening of the workings of the European Monetary System.

The joint interest rate action of the Bundesbank and the Bank of France, carried out after consultations with the other members of the EMS, yesterday helped the French franc to recover strongly, and seemed to win the system time until the dollar has been stabilised.

In a joint statement, Mr Edouard Balladur, the French Finance Minister, and Mr Gerhard Stoltenberg, his West German opposite number, said that the co-ordinated fall in West German central bank rates and rise in Bank of France intervention rates "will contribute to the stabilisation of exchange rates within the EMS and, beyond that, to the reinforcing of stability in international foreign exchange and financial markets."

Mr Balladur started the procedure with a formal letter to Mr Stoltenberg, asking for the application of the Nyborg agreements.

The moves widened the gap between French and West German short-term interest rates to nearly five percentage points, discouraging speculators who have been selling French francs in anticipation that the two countries would be compelled to realign their current EMS exchange rate bands.

"The Bank of France is keeping its promises by manhandling the speculators," said one dealer yesterday.

But the rise in French short-term rates goes against the grain for Mr Balladur, who has been labouring to bring down the level of domestic interest rates. He will be nervous of the possible negative effects on the Paris equity market, where the share prices of many recently privatised companies have dropped below their issue level.

The French monetary authorities would have liked the Bundesbank to have moved sooner towards a reduction in its interest rates, and officials stressed yesterday that they viewed the moves as a temporary measure until the US has acted to reduce its budget deficit, which they see as essential if the dollar is to be stabilised.

Mr Balladur himself said that the decision to allow short-term rates to rise was a sign of his wish for monetary stability, but that it did not reverse the general trend to lower medium- and long-term rates. Yesterday's action, however, is viewed in Paris as a recognition that both countries are obliged to defend their EMS exchange rates, not just the country with the weaker currency.

The Bank of France last week began to put pressure on its West German counterpart by allowing the franc, which had previously been the strongest currency in the EMS exchange rate mechanism, to slip below its central rate against the D-Mark.

But with continued speculative pressure against the franc, it became clear that central bank intervention alone would not be enough to maintain the current EMS parity, and that an interest rate move was also needed. The French central bank therefore stopped supplying fresh liquidity to the money market two days ago, thus allowing short term interest rates to climb and touch 9 per cent yesterday.

Although the combined Franco-German action appeared to work in the short term, dealers felt that the pressure on the franc would continue until the dollar's position has been resolved.

EC-Comecon talks stall

BY QUENTIN PEEL IN BRUSSELS

TALKS between the European Commission and Comecon to establish official relations are stuck on the issue of the status of West Berlin, European Parliament members were told yesterday.

Mr Willy De Clercq, the European Commissioner responsible, said no new talks were planned until Comecon came forward with a new proposal on how to incorporate a "territorial clause" into the planned joint declaration, which would normalise relations between the two blocs.

He warned the political committee of the European Parliament that the Soviet Union still refused to discuss trade issues with the EC, and "continues to make difficulties for the Community in international organisations."

Mr De Clercq was more optimistic than pessimistic about relations

He said the proposal for a joint declaration by both the EC and Comecon represented a much more realistic method of establishing official relations than the ambitious umbrella agreement proposed by Comecon in the 1970s.

Muscovites demand information on the fate of Yeltsin

BY PATRICK COCKBURN IN MOSCOW

THE CONTINUED refusal of the authorities to permit the Soviet press to refer to the threatened resignation of Mr Boris Yeltsin, the radical Moscow party leader, has led to strong protests from informal political clubs in Moscow.

Mr Yeltsin threatened, at the meeting of the Communist party central committee on October 21, to resign in frustration at bureaucratic sabotage of reforms in Moscow.

Mr Boris Kagarlitsky, spokesman for the Federation of Socialist Clubs, said yesterday: "Muscovites are learning about their own crisis on Western radio. What is worse is that foreign radios are quoting official Soviet information to which the Soviet people are denied access."

A remarkable aspect of Mr Yeltsin's offer to resign is that it has been confirmed by senior Soviet officials at news conferences in Moscow attended by Soviet and foreign journalists, but not a word of their remarks has appeared in the Soviet media.

The Soviet news agency Tass did run a report of what they said but with a recommendation to Soviet editors not to print it.

The political clubs in Moscow, which have developed rapidly over the past year, are dismayed not only by the fear that Mr Yeltsin may go, but because they believe the issue is an important test case of the willingness of the Soviet leadership to tell its own people what is going on.

"We must finish with the information apartheid where foreigners get information and we don't," said Mr Kagarlitsky. He said that one club called Obshchina had voted to campaign for the retention of Mr Yeltsin and for access to information about the whole incident.

Yeltsin: will he lose his party post

The move by the clubs, which tend to be radical ginger groups for Mr Mikhail Gorbachev's reform programme of *perestroika* (restructuring), is important as an indication of the dismay felt by radical reformers that Mr Yeltsin may be sacrificed by Mr Mikhail Gorbachev. It is also a sign of organised public opinion feeling that it has a right to information and some influence over changes within the leadership.

His fate is the first serious political crisis to threaten *perestroika*. It will be decided at the next meeting of the committee of the Moscow city party, believed to be scheduled for next Monday.

Paris urges US to keep missiles in Europe

FRANCE appealed yesterday for the US to keep nuclear weapons in Europe, signalling its fears over the future course of superpower disarmament talks, Reuter reports from Paris.

Mr Jean-Bernard Raimond, the Foreign Minister, recalled France's commitment to nuclear weapons in response to what he called "ambiguity" in Washington over the future of nuclear deterrence.

Mr Raimond told the National Assembly that Western Europe could not rely on conventional weapons alone to balance the Soviet armed forces.

'It is not just because there are imbalances in conventional and chemical arms that American nuclear weapons must be maintained in Europe,' he said.

'It is also because the Soviet Union will remain for the foreseeable future a nuclear power on our continent.'

Mr Raimond indicated that Western Europe had little choice but to accept the superpower arms deal known as the double zero option, which calls for the scrapping of US and Soviet medium-range nuclear weapons.

'This was not so much a choice offered to the Western Europeans as the indication of a very strong preference by both Washington and Moscow.' The deal will leave the US with short-range tactical missiles based in Europe, as well as bomber-launched nuclear arms.

Moscow is pressing for the accord to be followed by talks on scrapping the tactical weapons, which have a range of under 500 km. But Western Europe opposes this 'triple zero option'.

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THE VOICE OF SOUTH AFRICAN BUSINESS

Synfuel programmes offer scope for skilled black workers

Michael Sander, managing director of AECI, talks to John Spira, Finance Editor of the Johannesburg Sunday Star.

Spira: The South African economy is beginning to emerge from three years of severe recession. In what sort of shape is AECI at this stage of the business cycle?

Sander: Our earnings and general financial performance are generally one of the first to reflect an upturn and that's been the case this time round. AECI's type of business is traditionally at the front end of the economic cycle. That showed up substantially at the end of last year and, just recently, we've seen a further improvement at half term.

I have to say that I don't believe the economy is as strong as many think it to be. We are seeing heightened consumer spending in our business but the economic growth rate won't be anywhere near 3% by the end of the year.

Two major factors can affect AECI's performance in the next few months. The first is the extent to which it rains, insofar as this impacts upon the earnings of our agricultural activities, and the second is the level and duration of labour unrest on the mines. The demand for explosives and mining-related products is, of course, rather sensitive to labour disruption on the mines.

Spira: AECI's recent earnings gains have nevertheless been highly satisfactory against the background of an economy which is growing only slowly in real terms.

Sander: When times were tough, a lot of work went into streamlining productivity. It takes a little while for these benefits to reach fruition. That's what you're seeing now. Yet we're not bumping our heads against any productivity limits. There's always potential for further improvement, though the way in which you achieve it has to change.

If you compare companies in South Africa with their counterparts abroad, we have substantially more people involved in any operation at which you might care to look. It's not necessarily bad; simply that you have to go about tackling productivity the South African way.

The major scope lies in the area of qualifying people via improvements in their education by specific training and examining their shortcomings in order to make them more effective as company employees. It's all part of AECI's ongoing programme. It takes a long time to pay off but you get a bit every year.

Spira: In 1985 your exports benefited from a decline in the value of the rand. Now that the currency seems to have stabilised, has the export component of your turnover altered?

Sander: The advantage of the weaker rand is still with us. What has had a small impact on our export business is that as demand has lifted locally, our capacity, which is more or less fixed, has left us with a smaller volume for the export market. So exports have fallen in volume terms.

We're pretty competitive on export markets. We have a good product and we're a reliable supplier, with the result that we could certainly sell more overseas if we had the capacity to do so.

Spira: AECI has been labelled a cash-rich corporation. How have you earmarked your funds for the future?

Sander: We certainly generate a lot of cash out of the investments we made some time ago. The numbers speak for themselves. The process will continue and we are, of course, looking at new areas of growth.

Synfuels is a major opportunity for us. Although we're a long way down the road, we've still some work to do here, optimising the way in which the processes all fit together. We do not expect to be in a position to seek formal approval for our project before 1989 but should it go ahead, it and the Mossel Bay oil-from-gas undertaking would be the two biggest of their kind in the world.

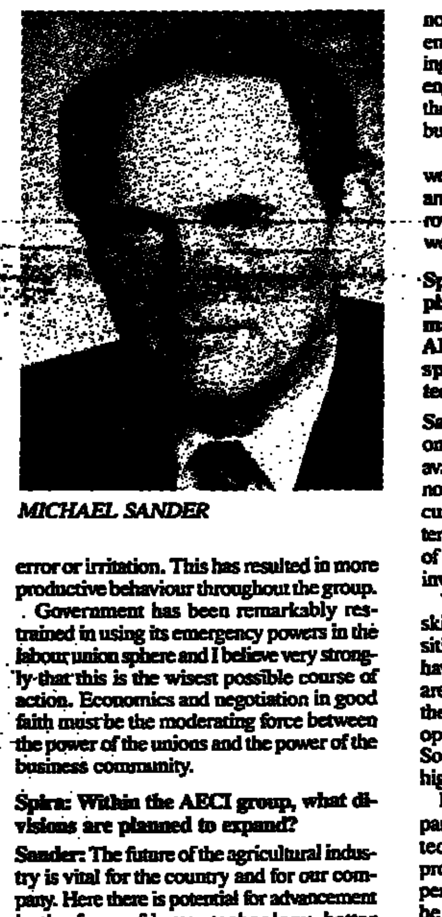
For a project of this size, we shall need government assistance of one form or another, which we believe would be forthcoming. As long as our project is seen to be as viable or better than other forms of technology and/or processing options — and our approach has considerable advantages over many other forms of technology — then the green light will materialise.

We believe quite strongly that methanol as an industrial stream is valuable. Going through methanol to downstream products is an attractive option for this country. Methanol is capable of being produced with conventional technology from all sorts of different feedstocks, ranging from oil to gas to decent quality coal, indifferent quality coal and even coal discards, giving the country great potential for making use of its poor quality reserves and keeping its good reserves for applications which require high quality coal.

Another advantage is the options that methanol opens up. You can use methanol directly as a fuel and can convert it to conventional fuels and petro-chemical feedstocks quite efficiently. So it's a good fundamental building block from which industry can develop — hence the reason for all the work we've put into it.

Spira: How would you characterise group labour relations and what has been the effect of black unionisation?

Sander: Our labour relations are healthy. This doesn't mean that they're conflict-free but that the professionalism on both sides continues to develop, with mutual respect building up throughout the labour relations process. The issues over which we conflict are becoming professional issues rather than, as sometimes in the past, simply matters of error or irritation. This has resulted in more productive behaviour throughout the group.



MICHAEL SANDER

Government has been remarkably restrained in using its emergency powers in the labour union sphere and I believe very strongly that this is the wisest possible course of action. Economics and negotiation in good faith must be the moderating force between the power of the unions and the power of the business community.

Spira: Within the AECI group, what divisions are planned to expand?

Sander: The future of the agricultural industry is vital for the country and for our company. Here there is potential for advancement in the form of better technology, better productivity, better agricultural methods and better products to support. For this reason, we've been putting an increasing volume of our resources into all the facets of our agricultural business.

Our fertiliser activities will serve as a base but we shall also be expanding in the spheres of animal feeds, crop protection products and animal health products.

Longer term, there's synfuels and the possibility of developing a deposit of trona in Botswana. It's a key, strategic chemical and we're currently involved in viability studies against the background of the fact that it's by no means in short supply.

Spira: Has the government's amended protection policy been effective?

Sander: Yes. The approach has been totally professional and satisfactory. The government has put a lot of resource and effort into finding out what's happening in the world of commodity markets and having done so has protected the industry here in a meaningful and appropriate fashion.

Spira: Where does AECI stand on diesanol?

Sander: Diesanol is technology of our own, being a spinoff from our leadership position in explosives. Increasing interest is being generated because of a mounting awareness of the need for clean air in many parts of the world. The industrialised countries have largely taken care of industrial pollution and now they're down to cleaning up automotive emissions. For a while this centred on taking lead out of gasoline but this still left diesel engines to belch all kinds of other nasties into the air. An excellent route for creating clean burning automotive engines is diesanol.

Consequently, in the medium-term future, we see substantial potential for the product and the approach. It won't take off tomorrow; but the technology is well developed and we are making it available internationally.

Spira: Skilled manpower shortages have plagued the South African economy for many years. Is this a major problem for AECI, a company which is a leader in the sphere of sophisticated chemical technology?

Sander: Yes, this is a problem and we are only going to get a share of the pool that's available in the country. At the same time, nobody — and I include young, talented men currently living overseas — would not be interested in associating themselves with some of the exciting projects in which AECI is involved.

We believe it will be practical to recruit skilled people internationally to fill the positions which we can't fill locally. When you have an environment like this — and there are very few projects in the world that offer the experience associated with the synfuel operations currently being developed in South Africa — it isn't difficult to attract the high skill levels required.

Bear in mind, AECI and many other companies and institutions are already committed to extensive education and training programmes to build up the skills and experience of our local people. Also, there will be many more opportunities for highly-skilled black workers. Although the synfuel projects themselves will not create more than a few thousand jobs, there will be highly positive spinoffs (and thus employment opportunities) for industries serving these projects.

Spira: Wouldn't South Africa's poor image abroad militate against recruitment of personnel from overseas?

Sander: I don't think so. The more people that come here to have a look and see what it's really like the better. We get a lot of visitors from international companies and we've developed a "warts and all" exposure programme that we encourage them to go through.

It's amazing how many change their position after being given a balanced view of what's really happening here. They suddenly understand that this is a much more complex problem than they formerly perceived it to be. They see that there are many things being done — some helpful and some not helpful. They see that we're not just sitting around hoping that the problems will go away. They appreciate that there isn't only one solution; that there's a whole range of solutions and that the final outcome will depend on how good South Africans are at coping with and adapting to the changes taking place.

So they go home no longer prescriptive. It doesn't stop them saying that South Africa should change but they do go away with a better understanding of the complexities that are the fabric of South African society.

Maggie Ford reports on the opening shots in the South Korean election campaign

Presidential hopefuls take to the hustings

WITH ALL four candidates in the South Korean presidential election finally out of the closet and on to the political platform, the eventual result is just as difficult to predict as it was after last June's nationwide demonstrations.

The demonstrations were triggered by the selection of Mr Roh Tae Woo as candidate for the ruling Democratic Justice Party for a presidential poll to have been held under old rules and which he was sure to win. After millions took to the streets in protest, Mr Roh announced a series of democratic reforms, including the direct elections to be held in December.

Since then three other candidates have announced plans to stand and four political parties have been formed. The other candidates are Mr Kim Young Sam of the Reunification Democratic Party, Mr Kim Dae Jung who heads the Peace and Democracy Party and Mr Kim Jong Pil of the New Democratic Republican Party.

A fair degree of consensus exists on the four candidates' basic policies, reflecting national agreement over change in the country. All four support fairer income distribution, a drive towards reunification with the Communist north, an end to corruption, freedom of the press, changes in labour relations with management and an end to military involvement in politics.

The overwhelming approval given last week by voters to the bipartisan constitution indicates that there is widespread understanding about what should be done. The question is which man can be trusted to do it without provoking a backlash from hardliners and at a pace which will meet public aspirations for fairness and reconciliation and stability along with change?

Kim Dae Jung: a good strategic thinker

Mr Roh suffers the severe disadvantage of having been involved in the 1979 military coup in support of President Chun Doo Hwan when they were both senior generals. Most Koreans are keen to vote for an opposition president - that, they feel, is what the fight for democracy is about.

Mr Roh claims that his June reforms prove he is a democrat and that as a former military man he is best qualified to deal with any attempts at interference. He also scores points with those especially concerned about economic stability and defence. These voters tend to be older, but about 60 per cent of South Korea's 25m electorate is under 40.

Mr Kim Young Sam, a conservative democrat, has been fighting against authoritarian governments in South Korea for more than 30 years. From a wealthy family and educated at a top university, he attracts considerable support from the large middle class and from his regional home of Pusan, the industrial heartland of South Korea, which has thrived on the economic boom.

Should he win, he is likely to adopt a policy of more gradual change than Mr Kim Dae Jung, his former colleague, Jung, who last week split from their joint party to form his own group after a protracted but fruitless debate about producing one opposition candidate.

The split has attracted strong criticism because it could allow Mr Roh to win. Mr Kim Dae Jung has pledged that if that danger exists just before the election, one of them will step down in favour of the other.

Kim Young Sam: support from the large middle class

Mr Kim Dae Jung, who has suffered most from military dictatorships, almost won the last presidential election in 1971 against Mr Park Chung Hee. He has been imprisoned, and nearly executed, placed under house arrest and kidnapped under both governments. His base of support comes from the urban poor, students and other young people and natives of his home province, Cholla. He also has some support from liberal intellectuals.

Widely regarded as highly intelligent, a good strategic thinker and an experienced politician, he faces fears that he would take revenge for the deaths caused by the military in the Cholla city of Kwangju in 1980. This in turn, might provoke military retaliation. Those not from Cholla also worry that they might suffer in changes to benefit the region.

Mr Kim has yet to convince the public that he is sincere in his promise not to take revenge and to deal fairly with all people.

Mr Kim Jong Pil, who is associated with the former Park regime, is not expected to have a chance of winning the election, but his support may eat into Mr Roh's vote, both among older people and those in his home area of Chung Chon.

Gauging voting intentions may become easier in the next few weeks as media campaigning starts, although a ban on opinion polls remains in place. Mr Kim Dae Jung, the first candidate to be interviewed in a series by senior journalists, impressed voters with his speaking ability, but failed to convince them he was trustworthy. Mr Kim Jong Pil, who was interviewed on Monday, appeared insincere in his commitment to democracy.

But South Koreans are clearly enjoying the greater freedom and the chance to vote in what is for many their first presidential election. They remain determined to secure democracy this time - and to hold on to it in the future.

US steps in to assist Liberian economy

By Nicholas Woodsworth in Abidjan

MR JOHN BESTMAN, Liberian Minister of Finance, has announced that a group of US economic experts will arrive in Liberia next week and attempt to turn around the country's failing economy. He also revealed that the World Bank had suspended its operations in Liberia.

The experts are part of a 17-man team of economic advisers known as Opex (operational experts). They will install themselves in various key ministries, including the Ministry of Finance and the Central Bank of Liberia. Given complete control of all financial operations, they will be responsible for co-signing all Liberian government cheques and executive documents.

This initiative by the US, Liberia's largest aid donor, has been prompted by the Government's inability to deal with bureaucratic inefficiency, corruption, and debt servicing.

The World Bank has said that until Liberia is able to control budget expenditures and make regular debt repayments, it will not resume operations. The International Monetary Fund is reportedly considering a similar withdrawal.

Iranian leaders again dismiss UN peace effort

BY OUR MIDDLE EAST STAFF

FOR the second time in three days one of Iran's top leaders publicly dismissed as useless UN diplomatic efforts to bring about a ceasefire in the seven-year-old conflict with Iraq.

Mr Mir-Hossein Mousavi, the Iranian Prime Minister, was quoted by Tehran yesterday as saying "we have no hope for a solution to the war through the (UN) Security Council.

His remarks folowed the far more caustic comments of Mr Hashemi Rafsanjani, the powerful Speaker of the Majlis (parliament) and chief war spokesman, who earlier this week accused the UN of cheating and said that the only way of bringing the fighting to an end was to deliver a "crushing blow" against Iraq.

Diplomats at the UN say that in private Iranian representatives show much more pragmatism than the rhetoric emanating from Tehran would suggest. Even so at UN headquarters in New York there is pessimism following the receipt last week of replies from Iraq and Iran to revised proposals made by Mr Javier Perez de Cuellar, the UN Secretary General.

He is reported to have been "not encouraged" by meetings on Monday with Mr Said Rajaie Khorassani, the Iranian Ambassador, and Mr Ismat Kittani, his Iraqi counterpart.

On Tuesday Mr Charles Redman, US State Department spokesman, said that it was time to start drafting a resolution on mandatory sanctions on the supply of arms to Iran.

He added, though, that the US was willing to wait for the next round of talks, expected to take place some time after the forthcoming Arab summit meeting scheduled to begin in Amman, Jordan, on Sunday.

Yesterday the Iraqi air force continued to sustain pressure on Iranian oil taffic and installations. A military spokesman in Baghdad said that the Ahwaz oil fields in south-western Iran had been raided.

Earlier Iraq had reported strikes on production facilities in the Baznan area in the same region, the Kharg Island terminal, and four vessels in the northern Gulf.

One was independently identified as the 289,778-ton Taftan. There was no news of any casualties.

Arabs lead population growth rate in Israel

ISRAEL'S population grew by 1.5 per cent to 4.38m between 1985 and 1986, but the growth rate among the country's Arab citizens was twice as high as that of its Jewish ones, AP reports from Jerusalem.

The numbers were included in the 1987 statistical yearbook published by the government-run Central Bureau of Statistics.

They were in line with previous projections that there could be an Arab majority in Israel and the occupied West Bank and Gaza Strip within a few decades.

Israel's "demographic time bomb" has been used as a political argument. Leftists say the army must withdraw from the occupied West Bank and Gaza Strip to preserve Israel's Jewish character. The rightwingers call for the expulsion of the Palestinians from the occupied territories.

At the end of 1986, Israel proper was home to 3.6 Jews, or 86 per cent of the population; 604,000 Moslems, or 13.8 per cent; 101,000 Christians, or 2.3 per cent; and 74,000 Druse, or 1.7 per cent.

From 1985 to 1986, the number of Jews in Israel increased by 1.3 per cent, the number of Moslems by 3 per cent, the number of Christians by 1.5 per cent, and the number of Druse by 2.8 per cent.

Mr Moshe Sicron, the Government Statistician said among the reasons for the different growth rates were fewer Jewish immigrants, a large number of Jews leaving the country, and a higher birth rate among Moslems.

He said each Moslem woman has an average of 4.5 children, compared with 2.8 children per Jewish woman.

If current trends continue, Israel will have a population of between 5.2 and 5.55 people in the year 2000, including about 1.1 Arabs, Mr Sicron said. The Jews would constitute 78 per cent of the population.

The yearbook does not provide figures for the occupied West Bank and Gaza Strip but Mr Sicron said the Palestinian population was expected to increase from about 1.4 in 1986 to more than 2m by the year 2000.

Some 65,000 Jews at present live in the occupied territories. Mr Sicron did not say how many were expected to live there at the end of the century.

Israel captured the West Bank and Gaza Strip during the 1967 Middle East war.

Israeli shekel under pressure

PRESSURES are growing in Israel for a devaluation of the shekel, to compensate for this year's collapse in the value of the dollar against other major currencies, Andrew Whitley reports from Jerusalem.

But any such move is likely to be stoutly resisted by the economic authorities. 'A devaluation makes absolutely no sense. It is a bad habit we Israelis have got ourselves used to' said Mr Amos Rubin, economic adviser to Prime Minister Yitzhak Shamir.

Since last January's 10 per cent devaluation against the dollar, and the simultaneous repegging of the Israeli currency against a broader-based basket of currencies, domestic prices have continued to rise at an annual rate of just under 20 per cent.

This has aggravated the deteriorating external competitiveness of certain sectors of manufacturing industry.

Japanese boost payments bonus

JAPAN'S leading electrical groups are offering employees a 5 per cent increase in their annual bonuses this year, Ian Rodger writes from Tokyo.

The move, which is likely to be followed by most industries, is a reflection of the strong profit recovery in much of Japanese industry. However, electrical company executives warned yesterday that it should not be interpreted as an expression of confidence in their prospects, especially now that the yen is rising again against the dollar.

Last year, when industry was being battered by the sudden and sharp rise of the yen, bonuses in the electrical industry rose only 0.15 per cent on average, while in many other sectors they were cut or eliminated altogether. Since then, companies have raised prices and cut costs to restore profits.

In the electrical industry bonuses amount to the equivalent of five months salary.

Jayewardene visits India for talks on accord

BY K.K. SHARMA IN NEW DELHI

PRESIDENT Junius Jayewardene of Sri Lanka began a two-day visit to India yesterday, marking renewed efforts to resolve differences over the implementation of the Sri Lanka-India accord.

The differences continue in spite of prolonged meetings between Mr Jayewardene and Mr Rajiv Gandhi, the Indian Prime Minister. The two leaders were both in Katmandu recently for the summit of the South Asian Association for Regional Co-operation.

A major development yesterday was the association of the moderate Tamil United Liberation Front with the talks in New Delhi. This suggests that both the Sri Lankan and Indian governments are bringing in the moderates as the main representatives of the Tamils now that the militant Tamil Tigers are fighting Indian troops in Sri Lanka.

Mervyn de Silva adds from Colombo: Sri Lanka's defence spending has been cut by Rs1.4bn (£27m) in the 1988 budget estimates presented yesterday by Mr Ronnie de Mel, the Finance Minister. However, defence expenditure, down to Rs8.2bn, remains the biggest item.

Total expenditure is Rs83.8bn, an increase of Rs11.8bn.

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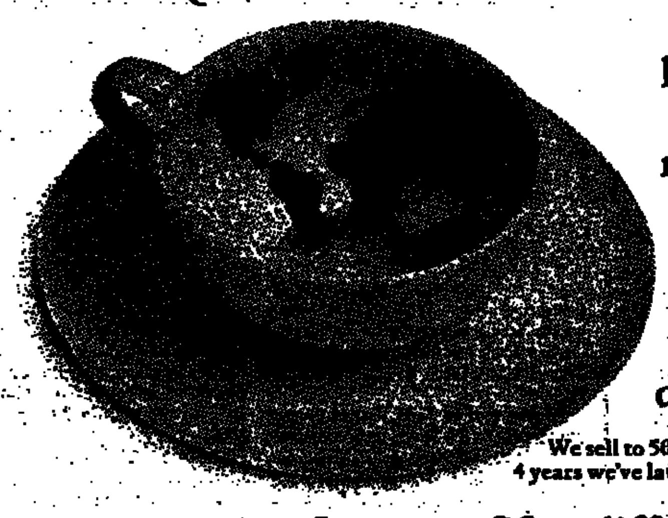
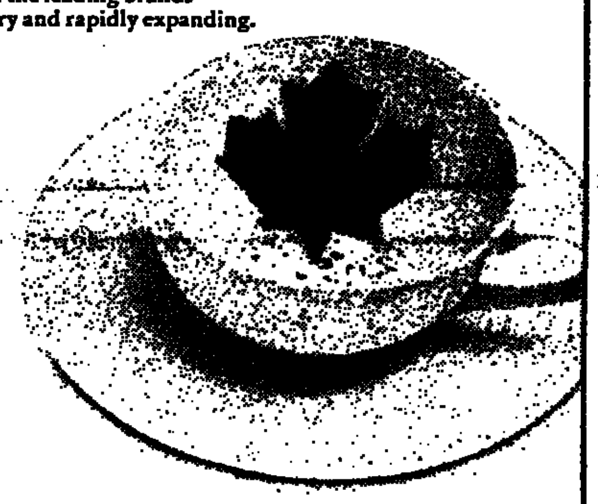


We sell to 50 countries and in the last 4 years we've launched 20 new tea products.

From Yemen's backstreets to Uruguay's ritzy hotels, our brands are the only English words many people speak.



Canada alone buys over 30 million dollars worth of our teas every year. From flavoured teas to tea bags.

In over fifty different countries in fact, you'll find Allied-Lyons teas. In countries as far apart as Spain, Sweden, Canada and Portugal you'll discover we're the brand leaders. And in the billion dollar United States tea market we're one of the leading brands in the country and rapidly expanding.

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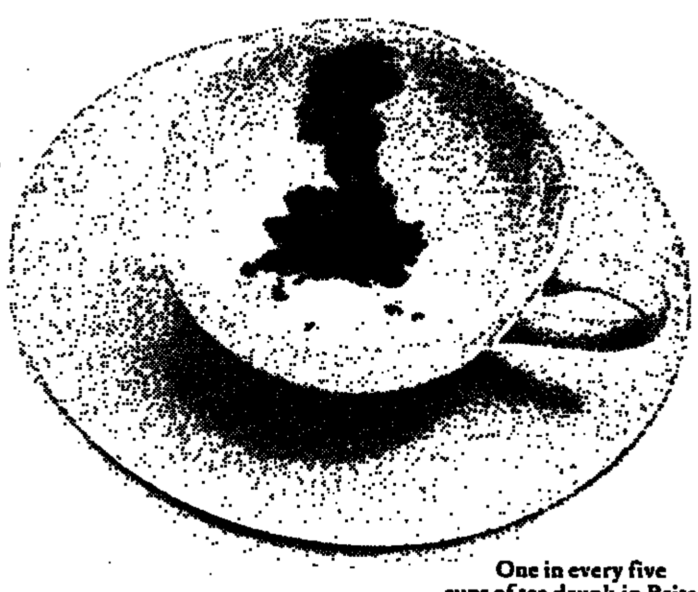

One in every five cups of tea drunk in Britain is from Allied-Lyons.

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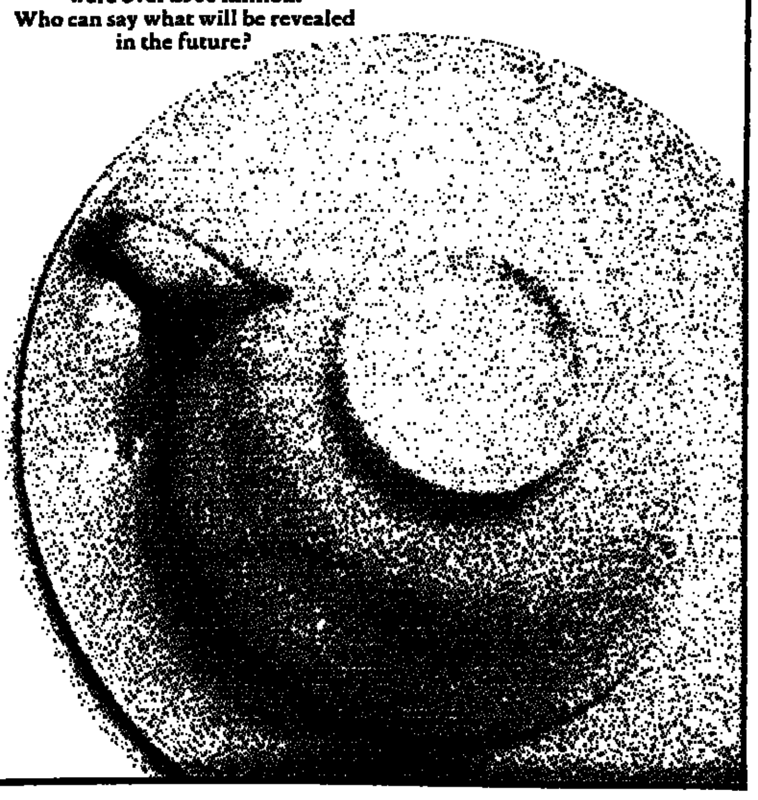
Last year our sales of hot drinks were over £500 million. Who can say what will be revealed in the future?



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Allied-Lyons

WORLD TRADE NEWS

Wardair secures novel financing for Airbus deal

BY PETER MONTAGNON, WORLD TRADE EDITOR

WARDAIR, *the Canadian airline*, will today sign a novel \$504m financing facility to pay for the purchase of 12 A-310/300 Airbus aircraft which it will use to develop its domestic Canadian routes.

Co-ordinated by National Westminster and Banque Paribas, the deal breaks new ground for aircraft financing. It is likely to stimulate pressure for a more creative approach to aircraft financing as well as for changes in international rules on such credits.

It is the first such deal to be *funded in the long-term capital* market. It also includes a separate \$130m facility which effectively extends its life to 15 years compared with the standard 12-year maturity normally permitted under Organisation for Economic Co-operation and Development rules for officially guaranteed aircraft finance.

The two co-ordinators won the deal against competition from the traditional Airbus consortium of Midland, Credit Lyonnais and Dresdner Bank.

Together with First Boston, which has been advising Wardair, they have devised a deal designed to meet the airline's requirements of long maturity and local currency funding.

Mr Tom Currie, Wardair Chief Financial Officer, said yesterday the arrangement would give Wardair access to low cost Canadian dollar funds which would not have been available under a conventional export *credit arrangement*. "For a deal this size, there was no way we wanted to have foreign currency exposure," he said.

Britain's Export Credits Guarantee Department, Coface of France and Hermes of West Germany will guarantee the facility, though not the separate refinancing arrangement to avoid conflict with the OECD rules. This is a separate deal which does not involve any official guarantees.

The French and British guarantees will be used to back-up letters of credit issued by *participating* banks. In turn these will be used to back long-term borrowing in the Canadian domestic bond market.

This is the first time official guarantees have been used for such a purpose. *The structure is* also designed, however, to prevent direct involvement by the agencies in Canadian capital market borrowing which they do not want at this stage.

German regulations meanwhile require funding for export credits to be provided by local banks.The German portion, amounting to US\$201.6m, will thus be made available directly to Wardair by the state-owned Kreditanstalt fuer Widerauftbau(KFW).

This portion will include a \$112.8m fixed rate loan that is *likely* to be swapped *into* Canadian currency. KFW will not participate in the separate refinancing facility to ensure compliance with OECD rules.

Hercules to set up carbon fibre facility in Spain

BY DAVID WHITE IN MADRID

THE Hercules Group of the US is to produce carbon fibre in Spain to supply European aerospace and defence manufacturers.

A \$10.8m plant at Parla, south of Madrid, due to start operating next autumn, will be Hercules' first in this field outside the US, where it is the leading producer of graphite fibre, and the first facility of this kind in Spain.

Mr David Hollingsworth, Hercules' chairman and chief executive, said that about a third of output would be exported.

The project was also geared to US aircraft programmes subcontracted in Europe, including the McDonnell *Douglas F/A-18* fighter which is being supplied to the Spanish airforce and the same company's MD-11 airliner.

The new unit will provide the materials for the carbon fibre stabilisers which Spain's *state*-controlled airframe company Construcciones Aeronauticas (Casa) makes for the European Airbus and other aircraft.

Hercules has a 90 per cent share in the Spanish manufacturing venture alongside Inisa, an investment promotion arm of the INI state holding group.

Clash over Kansai airport deal is settled

By Ian Rodger in Tokyo

THE festering row between Japan and the US over access for foreign construction companies to the Y1,000bn (\$7.3bn) Kansai airport project near Osaka has been settled.

However, Japan's Transport *Minister*, Mr Ryutaro Hashimoto, admitted yesterday that his Government still had a "big problem" in its relations with the US because of the obstacles foreign companies face in trying to win contracts in Japan.

The construction industry in Japan, as in many countries, is closely linked with internal politics, and Mr Hashimoto made clear that it would be difficult for the Government to remove regulations and practices that protect the domestic industry from foreign competition.

The Kansai airport row ended when the US accepted a Japanese proposal to put out to international tender more of the consulting contracts for the airport.

But at the same time the Japanese made clear that the revised practices adopted for the Kansai airport as a result of US pressure would not apply to other public sector projects.

The Kansai project is technically a private sector undertaking because it is being carried out by a private company, Kansai International Airport Company (KIAC), that was formed and financed by the national and regional governments.

Mr Hashimoto said yesterday that it would be much more difficult for the Government to change the rules affecting its own contracts.

He said his ministry, for example, could not alone cope with the US demand that the Kansai rules apply to all the Government's planned big construction projects, such as major airport expansions in Tokyo.

Malaysian Airline orders GE engines

Malaysian Airline Systems has selected the General Electric high bypass turbofan engine to power its Boeing 747-400 aircraft in a deal worth \$60m, *AP-DJ reports from Evendale, Ohio.* The company said it would take delivery of its first 747-400, fitted with the CF6-80C2 engines,in March 1989.

Britain trades on Nigeria's future

Tony Hawkins, recently in Lagos, examines an exhibition in Kano which highlights Britain's trade and investment ties with Nigeria which have strengthened recently.

THIS WEEK'S British trade promotion programme in the northern Nigerian city of Kano is designed to highlight opportunities for expanding Anglo-Nigerian trade following the resumption of credit cover by Britain's Export Credit Guarantee Department (ECGD).

The three-day series of business seminars – Britain and Nigeria: Partners in Trade – which began on Wednesday, were officially opened by Mr Kenneth Clarke, the UK Minister of Trade and Industry.

It is the largest trade promotion event in Nigeria for many years and underscores the importance of Britain's trade and investment ties with Africa's most populous country.

The programme covers finance and services, agriculture and industry and experts will explain how the UK can help Nigeria recover from its protracted recession.

Nigeria is Britain's largest market in black Africa with 1986 exports of £566m (\$325m) – 23 per cent of total UK sales to sub-Saharan *Africa. The main exports* are machinery and transport equipment, accounting for 40 per cent of the total, followed by chemicals, accounting for 22 per cent.

Britain supplies one-fifth of all OECD (Organisation of Economic Co-operation and Development) exports to Nigeria – the biggest market share that the UK enjoys in any of the larger world markets.

On the investment side, UK companies are responsible for about 40 per cent of direct foreign investment in Nigeria. However, recently Nigeria has been a contracting market for foreign suppliers and a difficult and even unprofitable one for some companies.

The share of imports in Nigeria's gross domestic product has halved since 1980, from more than 20 per cent to less than 12 per cent this year. This reflects the steep decline in Nigerian oil exports from \$25bn in 1980 to \$6.5bn last year.

As oil exports fell, Nigeria borrowed heavily abroad to sustain its balance of payments, while allowing the build-up of an estimated \$8bn in arrears on trade and interest payments.

British exports to Nigeria fell 65 per cent in the first half of the 1980s, though the UK's market share held steady at 18 per cent over the period.

Foreign debt trebled in the first half of the 1980s, reaching more than \$22bn last year. The debt-service ratio soared to 47 per cent in *1986 from only 2 per cent* in 1980. Foreign suppliers *found* it increasingly difficult to sell to Nigeria and even when they were successful, payments were often delayed.

As a consequence of *the trade* payments arrears the export credit agencies restricted or withdrew cover. This and the tightening of import controls resulted in last year's 40 per cent fall in British exports to Nigeria and a further 17 per cent decline in the first half of 1987.

However, the situation is radically changing for the better following the introduction in mid-1986 of the structural-adjustment programme and the launch of the foreign currency auctions 13 months ago.

The subsequent steep fall in the naira from a pre-auction *level of 84* US cents to 22 cents at present, has eliminated the naira's overvaluation. More importantly this has enabled the authorities in Lagos to abolish import licensing.

In recent months several countries have resumed official credit cover to Nigeria on a limited basis, though a full resumption will not be possible until Nigeria has met arrears on payments due to some export credit agencies.

In July, Britain announced the resumption of medium-term credit cover by the ECGD and the provision of a £200m credit line for agricultural and industrial imports. In addition, cover will be provided for certain existing *ECGD*-backed projects, as well as for new projects on a co-financing basis with the World Bank. Increased cover will also be provided for short-term trade transactions of up to 180 days.

The currency auctions, trade and payments liberalisation and the lowering of tariffs under the structural adjustment programme all *point to improved trade opportuni*ties, though the nature of these has changed.

Under the new tariff and exchange regime, import-intensive, low-value-added activities are no longer viable and the emphasis is switching to the supply of raw materials.

Tokyo keeps up Gatt protest on sanctions

By Our Tokyo Correspondent

JAPAN INTENDS to continue with its protest under the General Agreement on Tariffs and Trade against the remaining \$165m worth of US sanctions *over semiconductors.*

Mr Hajime Tamura, Minister of International Trade and Industry, said yesterday he welcomed the partial lifting of trade sanctions this week. Nonetheless, he said, the remaining sanctions over lack of market access were kept without due reason.

Japan will ask Gatt to set up a multilateral panel to discuss the issue when it holds a council meeting in Geneva next week. A formal complaint will probably be filed at a Gatt general meeting in early December

The sanctions were imposed last April over Japan's alleged failure to open its markets to foreign chip makers, plus alleged dumping of Japanese chips in third-country markets. The sanctions took the form of 100 per cent duties on selected Japanese products.

Punitive duties now remain in place on high-performance desk-top computers, lap-top computers and electro-mechancial hammers.

Carla Rapoport finds a continuing reluctance to buy foreign chips

Japan hangs on to its cutting edge

SEMICONDUCTORS in Japan are so important to the country's industrial health that they are called the rice of industry. Like the real thing, however, the Japanese still prefer the home-grown variety.

President Ronald Reagan's partial lifting of trade sanctions this week does reflect progress in the long-running US-Japanese semiconductor trade dispute. In lifting \$84m (£48m) worth of sanctions, the President effectively said that the Japanese had stopped dumping chips in overseas markets.

But the US says the problem of lack of access to the Japanese chip market remains and in spite of official pronoucements by the Japanese Government to the contrary, Japanese industry executives privately agree: Japan's *chip industry is too impor*tant to give away to foreign suppliers, they say.

Semiconductors provide the Japanese with their cutting edge in product innovation and manufacturing efficiency. The newest, smallest, video cassette recorder (VCR) will sell at any price, regardless of the yen-dollar exchange rate and the key to making such products at an attractive price is the microchip.

Japan's traditional complaints against US suppliers - which pioneered the microchip - were over alleged problems in *quality*, delivery *and* design. According to the Japanese these still exist, but most of them say US and European suppliers are much improved in these areas. The remaining problem, however, appears insoluble, even as the dollar drops to unprecedented lows against the yen, making US chips steadily cheaper in Japan.

The problem is one of flexibility and speed and it cuts to the core of the way Japanese companies do business. "It's not a question of quality," Carole Ryavec, an analyst with Salomon Brothers in Tokyo, explained. "It's the abilility to make chips which can keep up with the Japanese." The chip makers and users work together constantly redesigning chips to ensure that the end product can be better, smaller or at least different from a competitor's.

US and European suppliers are still unable to match the quality acceptance levels of Japanese manufacturers

This ability is particularly important now, as the big electronics companies scramble for ways to maintain sales abroad in face of the high yen and to boost sales at home to make up for lost exports.

The Japanese Government is pushing industry hard to increase its purchases of foreign microchips, with heavily publicised meetings between industry leaders and government officials. Official figures do show some improvement. According to the Japanese, foreign chips accounted for 12.7 per cent of the Japanese market in the three months to August, compared with an average of 10.3 per cent in the six months from April to September last year. The US disputes these figures, however. It says the increase is much smaller.

The US is seeking a 20 per cent share of the Japanese market by 1991 for foreign chip suppliers, with a target of 15 per cent in the *short-term. In spite* of the recent upward trend, industry and government officials doubt whether these goals can be met. Some even fear that the figures may start sliding again when inventories of foreign chips bought out of patriotic duty are depleted.

Furthermore, Japanese chip makers continue to criticise US suppliers for failing to meet Japanese quality standards. At an *International* Semiconductor Co-operation Symposium last month, a senior executive from Canon, the electronics goods manufacturer, detailed the quality problems it had found with its imported chips. Mr Keizo Yamaji, executive vice-president, said that imported chips would account for 25 per cent of Canon's chip purchases *this year. Nonetheless, it* had encountered "serious troubles with overseas semiconductor devices"

Canon had dealt with all the leading chip manufacturers outside Japan and had encountered quality problems for a long time, he said. After inspections, Canon discovered that these problems had occurred primarily *in* wafer production. He said that foreign suppliers needed to improve their level of cleanliness and automation.

Another large chip purchaser supported Canon's view. The *Japanese work on a zero-defect* basis, he said. Americans have an acceptance quality level, or AQL, which means that three out of a thousand chips could be defective in a given batch.

"We always guarantee 100 per cent quality to our customers,' said one of Japan's leading electronics companies. "So our only quality *level* acceptance *is* 100 per cent."

Other chip makers contacted this week had similar complaints. One pointed out that with the recovery in chip demand in the US, Japanese needs were *sliding* down *their* list of priorities. "You can't say, sorry, not now, we're too busy. If you say that, we say, you're too late, permanently," said an executive with one of the big chip buyer.

Given Japanese tenacity and the determination of the Americans, this trade dispute could just run and run.

UK to boost trade with Taiwan

By Bob King in Taipei

BRITAIN is to send its first major trade mission to Taiwan this month in a drive to consolidate trade and investment ties.

Taiwan's recent liberalisation of its trade policies, its decision to drastically cut import tariffs, and its move to further diversify its export markets have all helped to increase British interest in Taiwan as an export market and as a source of investment in British industries, said Mr David Pointon, director of the Anglo-Taiwan Trade Committee (ATTC).

The UK this year has emerged as Taiwan's second largest European trading partner after West Germany. Exports to the UK amounted to \$1.1bn in September, while imports *totalled* \$538m,leaving a \$568m surplus in Taiwan's favour.

The Taiwan import figures show a 108 per cent increase on *last year, while exports were up* by 65.3 per cent. Taiwan's trade with Europe was up 68 per cent to more than \$9.4bn. Exports were up 73 per cent to \$5.7bn, while imports rose 62 per cent to \$3.7bn.

Mr Peter Godwin, ATTC president and a director of Standard Chartered Merchant Bank, will head the 16-member mission. *Mr C.P. Chang, deputy* secretary of the Euro-Asia center, predicted that European companies will win several contracts in tenders for the Taipei medium-range transit system - limited to US and European companies - because the Europeans had greater expertise than the Americans.

Reuter adds: Taiwan's cabinet has approved plans for the country's largest import tariff cuts, averaging 50 per cent on 3,575 products.

The Finance Ministry proposal will be sent to parliament for approval.The cuts, to take effect next year, are on 80 per cent of imports, but the largest reductions are on its main exports. The cuts will leave Taiwan's top tariff rate at 53 per cent.

Israelis win $20m US army order

By Andrew Whitley in Jerusalem

THE US Army has awarded contracts worth around \$20m for tank-mounted mine ploughs to a little known Israeli defence equipment company.

Ramta Structures and Systems, a wholly-owned subsidiary of state-owned Israel Aircraft Industries, confirmed yesterday that it had won two separate contracts for its mine plough - an electro-mechanical device which it claims to be one of the most cost-effective in the world.

The contract is one of the largest awarded in many months to the troubled Israeli defence industry, which is suffering from over-capacity and a sharp decline in domestic orders.

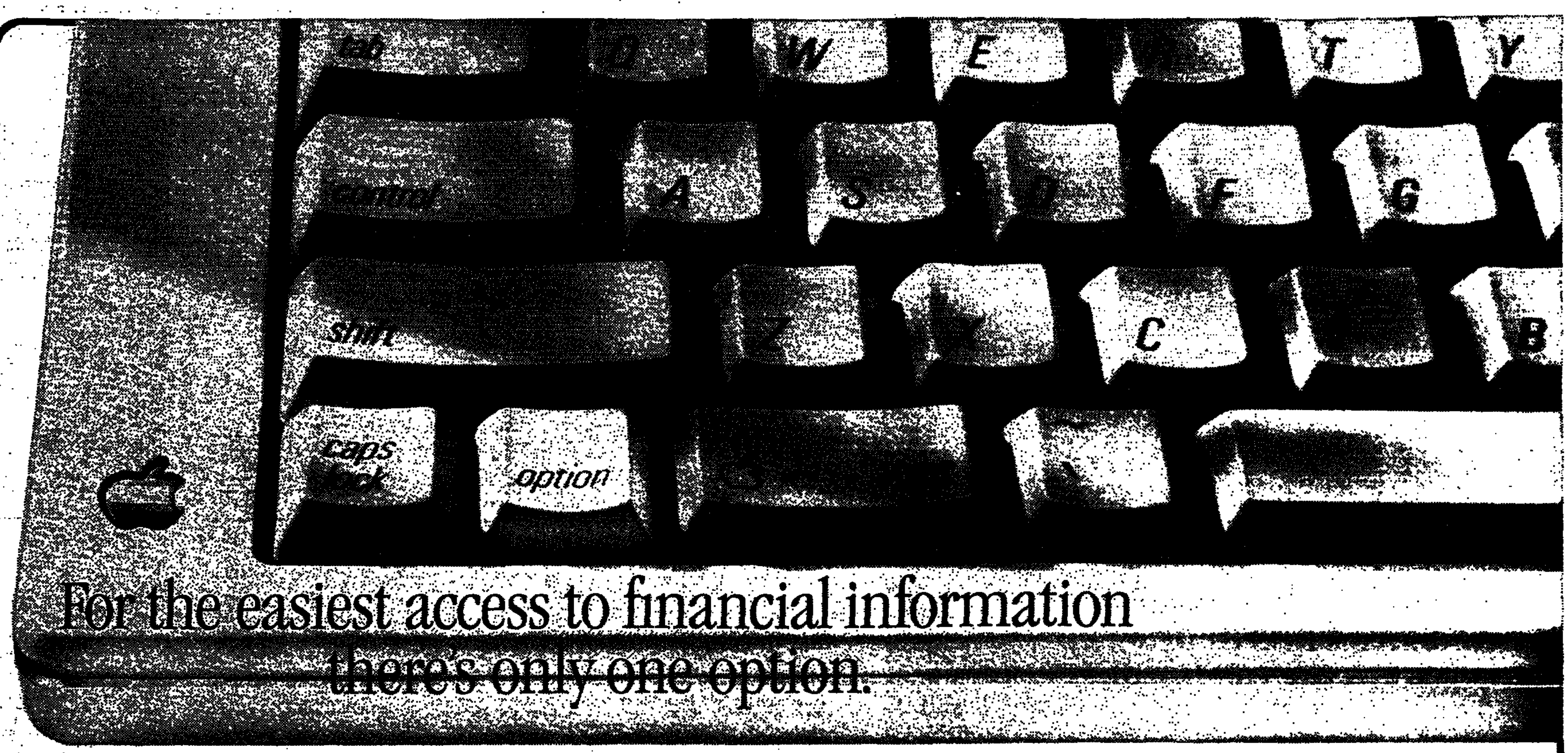
Israel Aircraft Industries in particular has been hit hard by recent government decisions *not to sign new military con*tracts with South Africa and to cancel the Lavi combat aircraft.

The mine plough developed *by the Beersheva-based plant* carries a unit price tag of about \$70,000, and has reportedly been sold to a number of governments, in addition to the Israel Defence Forces.

But the US Army order, under negotiation for the past year - for an estimated 300 units - represents a critical breakthrough into a mass market which holds the key to the company's future.

Among other items, Ramta also manufactures wheeled armoured cars, large patrol craft, and anti-aircraft guns. Like many other branches of the Israeli military industries complex, until recently Ramta was orientated almost exclusively towards meeting *the needs of* the country's own armed forces.

Only in the past few years has it been compelled to seek foreign customers on its own behalf.



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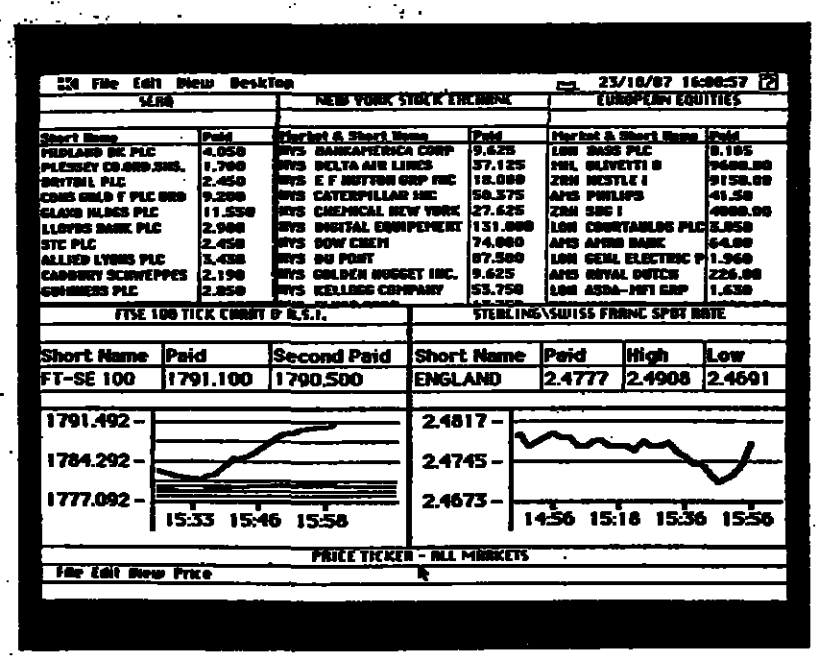

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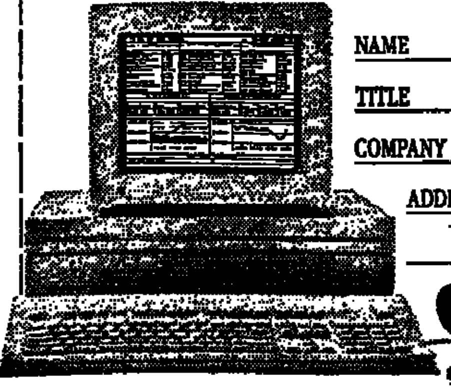

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White House, Congress close to SDI compromise

BY STEWART FLEMING IN WASHINGTON

WHITE HOUSE officials are on the brink of an agreement with congressional negotiators under which the US Administration would limit testing of the Strategic Defence Initiative (SDI) in the 1988 fiscal year so as not to breach the narrow interpretation of the 1972 Anti-Ballistic Missile treaty.

They have also agreed that the Administration will not deploy more nuclear weapons and *violate the SALT II treaty, even* though the Administration has said it is no longer bound by the SALT II limits.

Last week it was reported that representatives of the Congressional Armed Services Committees and the White House had opened negotiations over clauses attached to the 1988 Defence Authorisation Bill which are designed to force the Administration to stay within the narrow interpretation of the terms of the ABM treaty and the SALT 11 limits.

Congressional analysts say negotiators are close to a compromise although details have yet to be worked out and approved by the White House. This would remove from the Defence Bill the language requiring the Administration to seek congressional approval for testing *of SDI which would breach* the ABM treaty. However, the White House would agree that 1988 funding levels did not per*mit it to* carry out *such tests.*

If President Ronald Reagan accepts this formulation it would represent a significant step back from *his* earlier stance. However, it would also avoid the threat of a public confrontation with Congress on *arms* control policy on the eve of the summit negotiations with Mr Mikhail Gorbachev, the Soviet leader, on December 7.

Moscow has made it clear that the pace of testing of the SDI will be one of the key issues it wants to discuss at the summit.

Conservative supporters of the SDI programme have been charging that efforts led by Senators Sam Nunn and Carl Levin *to force* the President to stay within the narrow interpretation of the ABM treaty, which strictly limits SDI testing, not only tie Mr Reagan's hands at the negotiating table but also give Moscow something it wants without having to make any concessions.

The agreement being worked out now meets that criticism by *leaving the President with the* apparent freedom to adopt the broad interpretation of the ABM treaty in the future.

Conservative advocates of the SDI programme will almost certainly denounce such a compromise seeing it as a further step towards putting *limits* on SDI testing.

PRESIDENT Ronald Reagan ***announced yesterday*** **that Mr Caspar Weinberger was resigning after nearly seven years as US Defence Secretary.**

Mr Reagan **nominated National Security Adviser Mr Frank Carlucci to succeed Mr Weinberger. He appointed Mr Carlucci's deputy,** ***Lt Gen*** **Colin Powell, to take over Mr Carlucci's White House post.**

Mr Reagan said: 'We're here to say Godspeed to an old friend, the finest secretary of defence in the history of our nation - Cap Weinberger.'

Mr Carlucci's nomination requires Senate confirmation. ***Lt*** **Gen Powell's does not.**

Mexico suspends debt swap programme for two weeks

BY DAVID GARDNER IN MEXICO CITY

MEXICO has suspended its *debt-to-equity conversion programme* for two weeks, according to senior finance officials.

The formal reason for the suspension is so that the financial authorities can review the effects of the scheme on liquidity and inflation, interest rates and credit, and on the budget, due to be announced in two weeks' time.

But officials confirm it is also intended to send a discreet message to Mexico's creditors that they cannot expect to continue indefinitely *to be the* prime beneficiaries of debt arrangements the Mexican authorities regard as anomalous and unsustainable.

Mexico suspended the scheme briefly in March to pressure laggard banks into committing their portion of the \$7.7bn syndication signed on March 20.

In the Mexican view, enunciated publicly by Dr Pedro Aspe, Planning Minister, two weeks *ago*, the banks *are being paid* full interest on Mexico's \$103bn foreign debt, which is valued in the secondary market at about *50 cents on the dollar.*

This is compounded, Mexican officials argue, when it is the banks which derive more benefit than the country itself from the discounts to be had in the secondary market through the debt swap mechanism.

This, in essence, allows an investor to purchase foreign debt at just over half its face value and then exchange it with the Mexican Government for as much as 90 cents on the doillar, but redeemed in pesos linked to agreed investment programmes, above all in export sectors.

The authorities authorised \$1bn in debt swaps last year, and set a ceiling of \$1.5bn this year. This was primarily to avoid any inflationary surge from "swap pesos" swelling the money *supply*, but also reflects wider reservations about the scheme.

The major reservation now concerns the real value of the debt and the portion of the dis*count on it which* reverts to the debtor. Dr Aspe told Mexico's College of Economists two weeks ago that "the moment has arrived to design mechanisms which reduce the nominal value of the (foreign) debt to its market value, so that it is the debtors who capture the total amount of the discount."

The suspension of the debt swap programme "is just being consistent with the new debt policy," a senior finance official remarked this week.

Freezing the scheme offers Mexico one of the few ways it has of pressuring its creditors short of outright confrontation, precisely because, unlike Brazil and Peru, it has not taken unilateral steps to limit its debt service and continues to pay in full.

Brazilian employers to oppose jobs move

By Ivo Dawnay in Rio de Janeiro

BRAZILIAN businessmen are launching a national day of protest against radical labour laws, approved by the key drafting committee for the new constitution.

A number of newly-created *business* organisations, formed specifically to lobby the Constitutional Assembly, are demanding that the provi*sions be scrapped when they* are debated by the plenary session of Congress, probably next month.

The proposal that has most alarmed employers is a guarantee of a job-for-life for workers who have completed more than three months full-time employment at a company. They have warned that this alone could result in hundreds of bankruptcies, particularly among smaller companies.

Other clauses opposed by business are the reduction of the working week by four hours to 44 and automatic double-time payments for those working overtime.

About 3,000 business organisations are expected to back the protest, the form of which *is yet* to be decided. They include the Union of Brazilian Businessmen (UBE) whose recently-formed consultative *council unites 72 of the coun*try's most influential industrial and financial leaders.

Beyond the labour provi*sions, the business community* fears that new tax rises are imminent. According to Mr Lawrence Pih, co-ordinator of a leading small businesses association, results of a detailed questionaire have shown mounting discentent at the Government's interference in markets and its failure to cut the public sector deficit.

Bahamas call to invalidate poll

By Athena Damianos in Nassau

THE BAHAMAS' two major political parties have asked the election court to declare void the June 19 election results in 46 of the 49 constituencies.

Both parties have asked the election court to declare their candidates the winner or, alternatively, for a declaration that the elections were void because the voters' register was not published in the time frame or manner stipulated by *the law.*

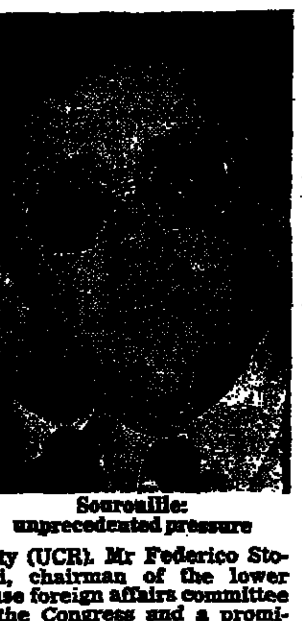
Tim Coone reports as pressure for economic change grows in Argentina

Alfonsin faces unenviable choice

AN unseasonal downpour gave the Argentine Government of President Raul Alfonsin support from an unexpected quarter during Wednesday's general strike.

The rain, which lasted most of the day, dampened spirits and turned what was expected to be a major trade union protest march upon the presidential palace into a sodden, subdued affair. Only 30,000 demonstrators turned out to listen to the exhortations of the strike organiser, Mr Saul Ubaldini, from under a passive panorama of dripping umbrellas.

But the 12-hour strike succeeded in paralysing the country and in driving home yet an*other message of the growing* unpopularity of the Government's controversial economic policy. Even staff at the presidential palace and *airline* pilots who had ignored the previous eight general strike calls made by the General Confederation of Workers (CGT) since 1983, joined this stoppage.



Sourouille: unprecedented pressure

Mr Ubaldini, the secretary-general of the CGT, in his most frontal attack on the Government, called for the resignation of Mr Juan Sourouille, the Economy Minister, and announced that the latest strike was simply the start of a prolonged campaign of industrial action against the economic policy. The conditions for a truce, he said, were an immediate moratorium on Argentina's \$54bn *foreign* debt and a reactivation of domestic demand through rises in real wages.

Such a position, although con*sidered* an extreme representation of the Peronist opposition proposals on economic policy, is nonetheless finding an echo even *within the ruling* Radical party (UCR). Mr Federico Storani, chairman of the lower house foreign affairs committee in the Congress and a prominent figure in the Radical party with the backing of most of the party's youth movement, said that since the party's September electoral defeat, "there is no longer a blank cheque for the economic team. There is a profound discussion going on ... and the one area where we do have the possibility of changing emphasis is on the foreign debt."

The world stock market crisis is also expected further to undermine Mr Sourouille's credibility. The increasing probability of a worldwide recession following the Wall Street crash last month and a steady rise in *interest* rates by next year weaken the underpinnings of his economic strategy and make an Argentine debt default ever more *likely.*

The Government's path out of Argentina's present economic crisis is through a plan of export-led growth over *the next* five years, supported by fresh finance from the world banking *community* and stable interest rates. A worldwide recession, with its implications for a downturn in trade and falling commodity and raw *material prices*, is the worst possible scenario for the success of the plan.

Argentina's falling trade surplus will be reduced further and, together with higher interest rates, will necessitate even higher *foreign* borrowing to meet its debt obligations. The willingness of the creditor banks, themselves under pressure *after the* stock market crashes, to extend further loans to Argentina is equally questionable.

Mr Sourouille and Mr Mario Brodersohn, the Finance Minister, are facing unprecedented pressure. Mr Brodersohn last week raised the hackles *of* provincial governors when he told them that they would not get extra financial support unless the opposition backs a package of tax reforms now awaiting passage through Congress.

At the same time, the central bank began bouncing cheques from banks owned by the provincial governments which are an important source of finance for the provinces. The governors have been further outraged at figures produced by Mr Brodersohn which purport to show that the provinces have been profligate spenders. The governors claim the figures have been deliberately falsified by the Finance Ministry.

Meanwhile Mr Enrique Nosiglia, the Interior Minister, has been *called in to smooth ruffled* feathers and to try to keep alive a government proposal to put together a "governability pact" with the *opposition* parties. Such a pact is considered vital by the Government: from December onwards the opposition parties will hold a majority in the two houses of the Congress and will hold all but two of the *governorships of the country's* 22 provinces.

Senior economic advisers in the Government warn that failure to approve the reforms will seriously prejudice government finances in 1988.

With the likelihood of the Peronists entering into such a pact now increasingly remote, without a big shift in economic policy, press speculation in the past few days has centred on the possibility of the right-wing party, the Centre Democratic Union (UCD) and its leader Mr Alvaro Alsogaray, being asked to become the lynchpin of the pact.

Together with several of the small regional parties, a UCR-UCD alliance would hold a sufficient majority in the Congress to pass the tax reform laws the Government wants. Mr Alsogaray has made it clear, however, that such a pact would require giving him much greater influence over economic policy. He is a former economy minister in *the 1960s and a self-confessed* free market guru and admirer of the US system.

For President Alfonsin it is an unenviable choice. To accommodate the trade unions means a rupture with the banks. To muddle through with his present economic team or to strike a deal with Mr Alsogaray, however, implies all-out war *with the unions.*

Reagan to seek Contra aid as peace deadline passes

BY OUR FOREIGN STAFF

THE REAGAN Administration *is to ask* Congress *for \$30m in* non-lethal aid for the Nicaraguan rebels, according to US congressional leaders as the first deadline passed yesterday in the peace pact signed on August 7 by five central American leaders.

President Ronald Reagan is likely to stress the failure of President Daniel Ortega of Nicaragua to comply with the agreement under which yesterday was the deadline for democratic reforms and ceasefires in the civil wars in Nicaragua, El Salvador and Guatemala.

Though Nicaragua's ruling Sandinista National Liberation Front has taken some steps to comply, fighting continued in *Nicaragua this* week and the government has yet to lift its five-year-old state of emergency or grant amnesty to political prisoners.

President Ortega said yesterday his government would take positive steps to comply with the agreement.

The aid is to run to December 16, when moves towards central American peace are evaluated.

Haiti election controls spark violence and arson

BY MICHAEL TARR IN PORT-AU-PRINCE

THE disqualification of 12 presidential *candidates with strong* ties to the Duvalier family former dictatorship has triggered a wave of arson and machine-gun attacks *against the organis*ers of general elections in Haiti.

On November 29 an election is scheduled to replace General Henri Namphy's caretaker junta and local elections are planned for December 20.

One of the electoral council's nine members, Mr Emmanuel Ambroise, has accused General Namphy's junta of direct responsibility for the attacks. He says the junta is in league with the Duvalierist old guard.

At midnight on Monday, hours after the electoral council announced its ban on the 12 Duvalierists, armed men *set fire* to the council's headquarters in central Port-au-Prince and to a nearby store.

They machine-gunned and bombed several other buildings associated with people closely identified with an article in the new constitution that bars leading Duvalierists from holding public office during the next decade.

UK NEWS

Pensions bring record quarterly insurance sales

BY ERIC SHORT

THE UK is enjoying a boom in individual pensions sales. That was borne out yesterday when the Association of British Insurers published record sales figures for the third quarter.

In what is normally a quiet period for pension sales, new annual premiums rose by a third on the corresponding period last year from £74m to £98m and single premium sales by a quarter from £104m to £129m.

As a result, pension sales in the first nine months were 25 per cent up at £304m for new annual premiums and 32 per cent higher at £584m for single premiums.

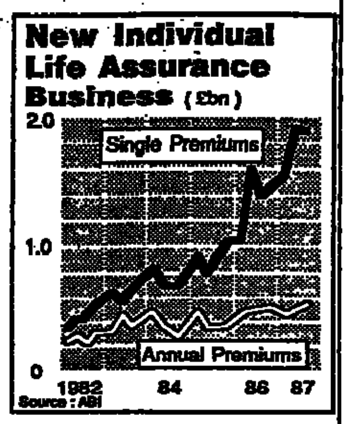
However, the pension growth came mainly from linked contracts, which showed a 55 per cent rise to £51m in new annual premiums in the quarter, and a similar rise to £40m in single premiums, compared with rises of only 15 per cent for traditional pensions contracts.

For the first time, investors are putting more into linked annual premium pension contracts than into traditional policies.

The growth of linked business at the expense of traditional business was also seen in life sales for the quarter.

In the quarter preceding the world stock market collapse, new linked life annual premiums rose by more than a third from £98m to £133m and linked bond sales climbed by nearly half from £1.13bn to £1.66bn.

For the nine months, linked life sales showed a 30 per cent growth in annual premiums to £367m and 41 per cent growth in single premiums to £4.41bn.



Overall, total new annual premiums in the third quarter were 11 per cent higher at £549m against £496m, and single premiums 38 per cent higher at £1.9bn against £1.37m.

New annual premiums on traditional ordinary life business showed a 4 per cent fall from £267m to £257m against the corresponding quarter last year.

However, the third quarter of last year was exceptional for traditional business, particularly in sales of low-cost endowment contracts for repaying mortgages.

Finally, the figures show that traditional industrial life business continues to plod along steadily. Such small-premium business, paid weekly or four-weekly and collected by agents at the homes of policyholders, showed a 7 per cent growth in premiums in the third quarter from £57m to £61m.

Nixdorf creates 200 jobs

BY TERRY DODSWORTH

NIXDORF, THE West German computer group, is planning to take on 200 technicians and data processing specialists in the UK next year after expanding its workforce by about the same amount in 1987.

The company's growth plans in Britain also include the opening of a £27m headquarters in Bracknell, Berkshire, on a site close to many other high-technology companies.

Nixdorf, one of the fastest-growing indigenous European computer companies, has a total of 750 employees. It has developed its business in Britain up to now by concentrating on the financial services, retail and hotel markets. Clients include Tesco and Midland Bank.

The company had a turnover of almost £50m last year and is now aiming to broaden its sales effort into areas such as factory automation, distribution and property.

Planners protest at Docklands scheme

By Paul Cheeseright, Property Correspondent

TOWN PLANNERS from the Greater London have protested to Mr Nicholas Ridley, the Environment Secretary, about proposals for a massive shopping centre on the derelict Royal Docks.

The London Planning Advisory Committee, which represents the City of London and the London boroughs, has written to Mr Ridley asking him to call a public inquiry into a scheme put forward by Rosehaugh Stanhope Developments.

This scheme includes 1.47m sq ft of shopping and leisure, embracing 800,000 sq ft of non-food retailing and 45,000 sq ft of food retailing.

The London Docklands Development Corporation, the planning authority for the Royal Docks area, is holding back from formal approval of the Rosehaugh Stanhope proposal only because it is a departure from previous development plans for the area. It has thus submitted the scheme to Mr Ridley.

Greater London planners have told Mr Ridley that the retail part of the scheme might lead to centres such as East Ham, Barking, Stratford and Ilford losing up to a quarter of their present trade. It would, they say, damage plans for the regeneration of inner and east London town centres.

The LPAC has assured Mr Ridley that it remains in favour of a speedy redevelopment of Docklands.

The boroughs, regardless of their political persuasion, are united in their concern about the Rosehaugh Stanhope proposals, with the exception of Newham, which is more ambivalent.

Black Monday mugs on sale

A STOKE-ON-TRENT pottery company has produced 'I've Survived Big Bang' and 'Black Monday' mugs to mark the stock market crash.

The mugs, produced by the Potters Warehouse, Trentham, are on sale in North Staffordshire. Plans to sell them at the stock exchange shop in London have been abandoned, since the shop finds them too lighthearted.

Peter Marsh visits a school with an interest in satellite communications

Pupils who discover space is the way to go

A 14-YEAR-OLD boy looks up from the computer terminal on which he is designing the habitation modules for a space station and says he would like to work in the space industry.

Olympios Panayiotou is one of the 800 pupils at an unusual school in London which is trying with some success to bring this area of technology to the forefront of its teaching, at a time when the Government's interest in space research appears to be waning.

"A lot of people think space is only about launching rockets," says Mr Andrew Wellbeloved, a teacher with 10 years' experience who is technology co-ordinator at Acton High School, a local-authority comprehensive in a mixed-income, unfashionable part of west London, a few miles from Heathrow Airport.

"Space technology really goes wider," he says. "You can't, for instance, teach business studies without talking about communications satellites. We are trying to use space technology as a vehicle for educating our kids about the future."

The school is remarkable for the ethnic diversity of its students, who are aged between 12 and 18 and speak 50 different languages. Among the countries represented at the school are Hong Kong, Cyprus, Japan, India, Poland, Nepal, and the Philippines.

Such a cultural mix has led automatically to an interest in communications at the school,

Teachers Tony Hewitt, left, and Andrew Wellbeloved, with some of their pupils and Acton High School's satellite "dish" aerial

according to Mr Tony Hewitt, the deputy headmaster. Showing commendable resourcefulness, Mr Hewitt 18 months ago obtained a £25,000 grant from the Sasakawa Foundation, a Japanese philanthropic trust, to improve links with Japan.

The money, matched by a similar amount from the London Borough of Ealing, was used to buy a variety of equipment such as a satellite 'dish' aerial and facsimile-transmission machines with which the school has set up an embryo electronic mail connection with the Gagukei High School in Tokyo.

With that hardware - and helped by sponsorship deals with companies such as Mitsubishi Electric and Pitney Bowes - the Acton school regularly exchanges ideas and messages with the Japanese school.

The equipment is helping some of the British pupils to learn Japanese. Engineering blueprints from the Tokyo school have been sent over the link to program miniature robots in Acton, which are used in information-technology teaching.

Recently, the Acton school has extended the communications system to set up similar electronic interchanges with two schools in Illinois. Satellite-transmitted TV programmes from countries such as France are used to help in language teaching.

The school has broadened its interest in extraterrestrial activities by buying a computerised simulation system, originally devised by engineers at the US National Aeronautics and Space Administration, for the design of manned orbiting bases.

Exposure to such hardware can help students, particularly girls, to develop an interest in technology, according to 18-year-old Neena Sharma, one of the Acton pupils.

The students seem to be in no doubt about the importance of space technology to Britain's future. Peter Hatfield, 14, is particularly enthusiastic about Hotol, the UK design for a space-going aeroplane under study by British Aerospace and Rolls-Royce. 'It's a great idea,' he says.

Tony Bastianelli, 17, has been disappointed by the Government's lack of enthusiasm about increasing the country's space budget.

'Space is the future - it's the way to go. If the Government doesn't put money into it Britain will become a dot on the map.'

Cellnet clinches Japanese deal

By David Thomas

CELLNET, A UK cellular telephone network operator, has made a breakthrough deal in Japan by winning a consultancy order for the introduction of a new cellular system.

It is the first significant overseas business for Cellnet, which is owned by British Telecom and Securicor.

Cellular companies believe there will be an increasing number of international opportunities, as future cellular networks are likely to be based on international standards.

Cellnet's consultancy contract is to help Daini Denden Inc (DDI) to introduce a cellular network into the Osaka-Kyoto region, west of Tokyo.

DDI is using the specification, known as TACS, used in the British cellular systems.

Law Society plan for the 1990s

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE LAW SOCIETY, the solicitors' governing body, has taken another step in its belated, but lately accelerated, attempt to address the difficulties and challenges that will face the profession in the 1990s.

It has replaced piecemeal policy formulation with a strategic plan to review and develop the future of the society and of the profession.

Such a plan was recommended by Coopers and Lybrand, the management consultants, when they reported on the structure and government of the society last year.

Coopers suggested that there was a need to think hard about the pressures on, and opportunities for, solicitors over the next few years, with a view to developing a coherent strategy to cope with the more competitive future facing the profession.

The Law Society's plan was accepted by its managing council yesterday. It looks at the political and financial environment within which solicitors will be working, including the effects of regulation, competition and consumer protection, and suggests how the profession might respond.

It says that although the present economic climate appears to favour business expansion, the financial position of many solicitors is not good: more than 140,000 practitioners employed in nearly 8,000 firms with a national average gross annual income of only £16,000.

The plan, prepared by the society's strategy committee, headed by Mr Derek Bradbeer, the president, notes the move away from anti-competitive professional monopolies and restrictions in the UK and the internationalisation of legal practice leading to increasing competition from foreign lawyers.

It recommends employing and bringing into partnership foreign lawyers, promoting the profession in schools, universities and polytechnics - only 50 per cent of law graduates become lawyers - and investigating ways in which women solicitors leaving the profession to have children could be encouraged to return.

One of the obstacles facing solicitors is the reduction of work because of the loss of the conveyancing monopoly.

The Law Society's strategy involves the development of new sources of work such as advising business and individual clients on the provision of financial services, and advising on housing, welfare, immigration and European and international law.

Bulk handler to cut workforce

By Nick Garnett

MOXEY, the bulk handling contracting company in the Babcock group, is cutting its workforce of 118 by just over half.

The Gloucester-based company, which stopped making bulk handling equipment this year, blamed the state of the market for the redundancies.

Babcock was recently taken over by FKI, the electrical and engineering group.

Moxey said the latest cuts had nothing to do with the FKI purchase.

A mass meeting of production workers at Babcock's boiler-making site at Renfrew near Glasgow will be recommended today to strike.

Managers at Renfrew, who also denied that the cuts had any connection with the takeover by FKI, are seeking 475 redundancies from the workforce of 1,800.

UK NEWS

John Gapper reports on the collapse of radical changes proposed for engineering

Unions reject jobs flexibility

ENGINEERING unions yesterday rejected outright a draft agreement offering job flexibility in exchange for a shorter working week which had taken four years to negotiate with employers.

The decision - a personal defeat for Mr Bill Jordan, president of the Amalgamated Engineering Union (AEU) - means the unions will now try to press for a cut in working hours without any of the concessions suggested in the proposed agreement.

Dr James McFarlane, director general of the Engineering Employers' Federation, said the proposals had offered "a constructive way forward for the industry" and described the rejection as "disappointing."

The proposals - which would have cut the working week for nearly 1.5m manual workers from 39 hours to 37½ - were intended to allow individual companies to find savings to compensate for the resulting increase in unit labour costs.

The 11 unions affiliated to the Confederation of Shipbuilding and Engineering Unions are now committed to seek a shorter working week without sacrificing "hard-won conditions and practices long-established."

They will include a claim for a shorter working week in this year's pay and conditions talks with the employers' federation, but are likely to meet a stiff response after the four-year-long concession talks were rejected.

Although the last cut in the working week - from 40 to 39 hours - was won after national industrial action in 1979, there are some doubts among union leaders as to whether members would support renewed action for another cut.

The confederation executive voted by 17 to 13 to reject the proposals. An AEU motion to return to seek amendments to clauses on work flexibility which had faced particular criticism was defeated.

Those backing the AEU were the EETPU electricians' union and Apex, representing white collar staff. Those voting to reject the proposals included the Transport and General Workers' Union, the GMB general union and the manufacturing union Tass.

Mr Jordan, who had previously supported an agreement as the best defence against continuing decline in the British engineering industry, said he was "extremely disappointed" by the outcome.

The proposals were attacked for the degree of flexibility they offered, and for a procedural clause offering commitment to "acting as one body" at multi-union plants - interpreted by some unions as strengthening the hand of the AEU.

Recruiting given low priority by unions

By Philip Bassett, Labour Editor

TRADE UNION officials spend only 10 per cent of their time trying to recruit new members, according to the results of a forthcoming academic survey of how British union officers work.

The study, by Dr John Kelly and Mr Ed Heery of the London School of Economics, indicates that unions in the UK may face considerable operational difficulties in achieving the new target of some of a much greater emphasis on membership recruitment to try to stave off continuing decline.

Looking mainly at the large general unions such as the TGWU transport workers, the GMB general union and the AEU engineering workers, the study's authors found little evidence of recruitment activity.

Giving preliminary details this week of the study, to be published next year, Dr Kelly told a meeting of the Fabian Society, a socialist research organisation, that there was, in particular, very little "cold" recruitment - unions trying to organise employees in non-union establishments.

Recruitment that is achieved, Dr Kelly said, mainly takes the form either of a response to employee demand, where non-union workers, having difficulties with their employers, contact unions for assistance and are then recruited; or of drawing in workers on the margins of an already-organised workforce.

The work patterns of union officials, and their commitment to servicing already-unionised employees, are likely to preclude wider attempts at recruitment in unorganised establishments.

About a third of the union officials surveyed - mainly local officers - said they would like to spend more time on recruitment of members, although looking at union objectives, 50 per cent said the prime objective for unions should still be the wages and conditions of members, with only 20 per cent saying it should be recruitment.

Taken with other evidence, the study suggests that although the number of union members has declined - 1985 saw a ration of one local union official to 3,500 members, compared with one to 4,000 in 1980 - the decentralisation of bargaining has meant that union officials have more membership units to service, which cuts down their time to do other work such as recruitment.

Dr Kelly suggested that special "blitzkrieg" recruitment campaigns were unlikely to produce many new members and that even if they did, unions were frequently insufficiently capable of following up such drives in order to retain members after they have been recruited.

Militant urges mass campaign against bill

By Our Labour Staff

LEADERS of the Trades Union Congress are being pressed by Mr John Macreadie, the hard-left civil servants' leader on the TUC general council, to call for "maximum mobilisation" of the union movement against the Government's Employment Bill.

Mr Macreadie, deputy general secretary of the CPSA Civil Service union, has tabled a resolution proposing that the TUC draw up a "programme of action" culminating in a "mass demonstration."

There is scarcely any chance of the TUC agreeing such a plan. But it shows that Mr Macreadie, a supporter of Militant Tendency, will not be deterred from campaigning for confrontational policies, regardless of the prevailing political and industrial climate.

Bills to reform broadcasting industry may be staggered

BY JOHN GAPPER

THE GOVERNMENT will probably have to introduce two broadcasting bills within the next couple of years rather than the single comprehensive bill originally planned, Mr Douglas Hurd, the Home Secretary, said yesterday.

The Government had indicated it wanted to introduce a bill next autumn covering both radio and television to create a structure for the broadcasting industry designed to take it into the next century.

Mr Hurd told the Television and Radio Industries Club in London yesterday: "Not all the dishes on menu have the same cooking times. You should not necessarily assume that a single gargantuan bill would be the only way of serving the feast."

The Home Secretary emphasised he believed it would be wrong to delay setting up the Broadcasting Standards Council- the body the Government wants to be a focus for complaints about portrayal of violence and sex in society. But decisions on other broadcasting issues such as the feasibility of a fifth channel or of local microwave television would depend on technical evaluation and further detailed policy evaluation.

The Government published a green paper (discussion document) on radio in February, suggesting the creation of up to three national commercial radio channels and opening the way for several hundred local community stations. Ministers make it clear that legislation is likely to stick closely to green paper proposals although details could change.

It is not yet clear whether controversial proposals for the reform of the Independent Television (ITV) franchise system, including the possibility of a form of auction, will be ready for early legislation and the 16 ITV companies may face a further period of uncertainty over their fate when present extended franchises run out at the end of 1992.

He emphasised again that although he wanted to preserve quality in British broadcasting standards, there was a need for "broadcasting fuelled by adrenalin, not formaldhyde."

He also warned that the Government was looking hard at ways of dealing with any "unacceptable programmes" which might be beamed into Britain

Ford unveils radical mini-managers plan

BY CHARLES LEADBEATER, LABOUR STAFF

FORD MOTOR Company yesterday unveiled proposals for its white collar unions, which include the introduction of "area foremen" who would become mini-managers on the shopfloor with a wide responsibility for different aspects of production.

The three-year offer made it clear that this plan would be central to a fundamental change in management structures at plants.

This, combined with far-reaching changes to manual working practices, would move plants away from the strict division of labour and pyramidic management structure of the "classic" Ford production line, towards production through more autonomous groups on the shopfloor.

The pay offer, which would set the pay of 12,500 white collar workers, mirrored the offer to manual workers last week: an increase of 4.25 per cent from this November, followed by increases linked to the inflation rate in 1988 and 1989.

The company told the white collar unions, ASTMS, Tass, and ACTSS, yesterday that it wanted the area foremen to take responsibility for production within a much larger area of the plant than current foremen.

Area foremen would co-ordinate production, skilled maintenance, machine inspections, material handling and janitorial functions. Many of these tasks have normally been controlled by specialist foremen who organised the supply of services to production foremen.

The company envisaged area foremen becoming managers of their area in the plant rather than merely enforcing rules laid down by senior management or collective agreements. Ford also wanted to open up recruitment to the post to any suitable salaried employee.

The company told the unions it wanted to end the so-called "18-to-1" rule which restricts the number of workers a foreman can be responsible for, and which abolishes senior and relief foremen grades. These moves may lead to significant job losses among foremen.

Beneath area foremen, group leaders recruited from manual workers would manage production teams of skilled and semi-skilled workers.

In common with the offer to manual unions, Ford wanted the white collar unions to commit themselves to a quality improvement manifesto at each plant, backed by quality discussion groups, akin to quality circles at all levels of the company.

Pay plan linked to work value

By Jimmy Burns, Labour Staff

NATIONAL Carriers Contract Services (NCCS), a division of the National Freight Consortium, is extending a novel performance-related pay scheme nationwide in a move that could bring further changes to the competitive road haulage industry.

The initiative, which has the support of the National Union of Railwaymen (NUR) on behalf of the the majority of NCCS's 1,300 workers, follows the success of a pilot scheme at the company's Swindon depot in Wiltshire, south-central England.

Under the scheme, overtime pay is scrapped and drivers are paid on the basis of the value of the work done and not on the time spent doing it.

A basic pay "marker" will be retained by the company for calculating pensions and holiday entitlements. However, the performance-linked element of the scheme - the "standard hour plan" - is to be the core of future pay and conditions agreements within the company.

The scheme's extention comes at a time when retailers are undergoing customer-led internal reorganisations to improve efficiency.

The NCCS said yesterday the standard hour plan would help it become more effective in improving distribution and is helping the company to overcome the "age-old problem" of how to manage drivers' time on duty.

Computerisation by NCCS of the "hours earned" is expected to help the company provide detailed back-up information.

"For the future, keeping standards within the plan properly maintained is the key to its continued relevance; its flexibility will mean that we can accurately plan for, rather than react to, changes in distribution strategy," the NCCS said.

Post office workers in strike vote

By Our Labour Staff

THE UNION of Communication Workers (UCW) yesterday predicted its 162,000 Post Office members would vote heavily for industrial action, in a ballot which started last week over the union's claim for a reduced working week.

The result is due on November 17. Under the Government's trade union legislation, the union has to implement industrial action within 28 days, in the run up to Christmas, or lose its mandate.

Mr Alan Tuffin, UCW general secretary, said the poll was drawing a large turnout. More than a third of the branches have already voted.

The union's executive committee will decide what form the industrial action should take after a meeting of UCW officials after the result is announced. Mr Tuffin said the leadership would consider a number of options, including an overtime ban, withdrawal of goodwill, or selective strikes of between one and three days.

These selective strikes at key sorting offices could quickly paralyse the postal network. It is likely the Post Office would only allow postal staff back to work after signing undertakings that they would work normally.

If the union instructed its members not to sign the undertakings, and the Post Office responded by locking them out, there would be mounting pressure for an all-out stoppage.

Mr Tuffin called on the Post Office to accept that the dispute, over a three-hour cut in the working week, should be referred to arbitration. Mr Ken Young, Post Office head of industrial relations, said any reduction in working time would have to be achieved through a negotiated agreement.

Plan approved for £160m Shotton redevelopment

BY PAUL CHEESERIGHT AND ANTHONY MORETON

THE DERELICT site of the old Shotton steelworks on the Dee Estuary in north-east Wales is to live again as a regional shopping centre, marina, water park and business centre.

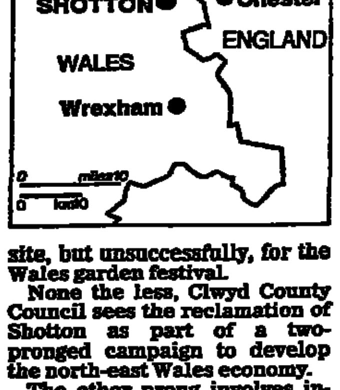
Formal proposals by Tarmac Construction for a £160m redevelopment of the site on 230 acres will be announced today.

Clwyd County Council gave its general approval to the scheme yesterday. Alyn and Deeside District Council, meeting yesterday evening, was expected to follow suit.

The two authorities have had a *joint steering committee for* the project. It was unanimous in recommending that the Tarmac scheme should go ahead.

The councils have been supported by the Welsh Development Agency, which provided them with technical appraisals. "It would be marvellous for the whole region - not just north-east Wales but North West England as well," said Mr Philip Head, the WDA's property services executive director.

The Tarmac plans for Shotton spring out of the failure by the local authorities to win the Nissan car plant that eventually went to Tyne and Wear. The authorities had also promoted the site, but unsuccessfully, for the Wales garden festival.



None the less, Clwyd County Council sees the reclamation of Shotton as part of a two-pronged campaign to develop the north-east Wales economy.

The other prong involves industrial development. In a separate move, the county council yesterday opened a new technology park at Wrexham and announced a 25 acres extension. Wrexham is the home to plants of Brother, Hoya Lens and Sharp, all Japanese companies.

Tarmac's scheme is linked to the construction of a third crossing over the Dee. A combination of the two, said Mr Bill Rogers, the Alyn and Deeside District Council chief executive, "would open up an area off the beaten track." A new crossing would tie the Dee Estuary area more closely to the Wirral and Merseyside region.

The shopping and marina scheme would be complementary to an adjacent industrial park originally developed on 200 acres by the Welsh Development Agency and British Steel. The WDA *has just purchased* from British Steel a further 300 acres to expand the park.

With approval in principle for the Shotton scheme from the local authorities, Tarmac will be able to seek formal planning consent. It is unlikely that the work would be completed before the mid-1990s.

Tarmac, which has so far refused to provide details of its plans, said 3,500 jobs would be created. That is less than half the number of jobs lost when the steelworks closed in 1982.

The focal point of the plan is said to be a 750,000 sq ft shopping centre, with a food park close by.

Farm woodland plan outlined

BY BRIDGET BLOOM

GOVERNMENT POLICIES to reduce surplus crops by removing land from arable production were taken a step further yesterday when Mr John MacGregor, the Minister of Agriculture, announced details of a new Farm Woodland Scheme.

The scheme, provided for in the Farm Land and Rural Development Bill, is designed to encourage owners of arable land to plant trees instead of growing cereals or instead of maintaining grassland for milk or beef production.

Grants of up to £190 a hectare a year will be paid for between 20 and 40 years, depending on whether farmers plant quick-growing trees such as larch and pine or the slower-growing broadleaf oak and beech.

To prevent the establishment of big plantations on poor land by wealthy farmers or other investors, as has happened in Scotland in particular, grants will be given for a minimum of three hectares and a maximum of 40 hectares.

In the first instance the Government intends to apply the scheme to 12,000 hectares a year, which might involve planting 30m trees a year. It intends that the new woodlands should be at least one-third broadleaf trees.

Mr MacGregor told a press conference yesterday that while the scheme would cost some £10m a year, he hoped that in time it would actually save money by reducing surpluses. Although its announcement now is coincidental, he hoped it would be welcomed particularly by farmers in the south-east, who had lost many trees in the October storms.

The farm woodland scheme is one of a range of new measures designed to give farmers alternative ways of making a living, given the current effort within the European Community to reduce the huge farm surpluses.

The intention to help farmers diversify was announced last spring in the so-called Alure package (Alternative Land Use and the Rural Economy) jointly sponsored by the Agriculture Ministry and the Department of the Environment.

The proposed measures range from grants for farmers to diversity into non-surplus crops or to build up small farm-based industries or tourism, to the establishment of so-called environmentally sensitive areas. The initial cost is put at £25m in a full year.

The Government also intends to introduce shortly a separate "set-aside" programme under which farmers would voluntarily reduce production by 20 per cent. This week's autumn financial statement for the first time costed this programme, which would primarily apply to cereals, at £16m for 1988-89 and £22m for 1989-90.

Recession 'would slow house price rises'

Financial Times Reporter

A WORLD recession following hard on the heels of the recent stock market falls would pose a threat to the UK housing market, Britain's biggest building society said yesterday.

The Halifax said, however, that the plunge in share prices alone was unlikely to have a significant impact on house prices apart from at the "top end" of the market in London and the south-east.

It said growth prospects in the UK might be depressed by a slump in the US economy, a slowdown in world growth and a decline in domestic consumer spending caused by lower share prices.

"Since real income growth is the most important influence behind house prices, static or falling real incomes would lead to slower house price inflation," the Halifax said.

The society remained confident that price rises in the main would remain in double percentage figures next year, because of the Government's determination to avoid a recession by cutting interest rates.

Wednesday's half-point cut in base rates prompted an immediate cut in the Halifax's mortgage rate from 11.25 per cent to 10.3 per cent.

It said movements in house prices had not in the past been closely linked to changes in the stock market, although there would be some impact on certain individuals.

"If the crisis persists and leads to redundancies, particularly in the City, those losing their jobs and finding it difficult to support their mortgages may seek to sell their properties. There could also be a psychological impact on house prices, particularly the top end of the London market," the Halifax said.

The Halifax's monthly house price index, out yesterday, showed that East Anglia was still recording the fastest growth in house prices — up more than 27 per cent on a year ago.

That compared with a gradual slowdown in Greater London, where the rate of increase has come down to 22 per cent, but a slight acceleration in the south-east to almost 25 per cent.

Overall, house prices in the UK rose by 14.5 per cent in the year to the end of October, slightly down on the 14.8 per cent recorded in September, but still well over three times the rate of inflation.

The Halifax said that confirmed the levelling in prices that has been evident throughout 1987.

Trade restricted for 'few firms'

THE STOCK EXCHANGE yesterday confirmed that a few firms have been told that their trading will be restricted from this month until their settlement backlogs have improved.

A statement said the firms would themselves decide how to impose the restrictions. The exchange would "continue to monitor these firms closely and will regularly review whether the restriction should be continued."

The settlement task force emphasised that the decision to implement trading restrictions was taken after monitoring many months of unsettled business and in no way related to recent market conditions.

Sales of new cars might reach 2m

BY JOHN GRIFFITHS

THE MARKET for new cars in the UK is within reach of 2m units in a single year for the first time in its history, in spite of the stock market collapse.

Spokesmen for the volume motor manufacturers, commenting yesterday on October registrations, which were up 8.24 per cent on the same month last year, said waiting lists of eight to 12 weeks for new cars meant that any adverse effects from the collapse were unlikely to show up in time to have any noticeable impact on this year's market.

Sales in the last two months of the year now need to be up only 5.4 per cent on the same period last year for the 2m threshold to be reached. If they remain precisely at last year's level, total registrations will fall just 11,000 units short of the 2m mark.

In the first 10 months of the year, registrations were up 6.34 per cent on the same period of 1986 - itself a record year - at 1,781,185 from 1,674,965. In October itself, registrations were up 8.24 per cent to 144,054 from 133,082 a year ago, according to Society of Motor Manufacturers and Traders statistics.

Far from there being an observable fall-off at the end of October after the markets slide was well under way, early November registrations remained well up on last year, said an SMMT spokesman.

In spite of the relative optimism about the rest of this year, predictions of a downturn in 1989, although not necessarily a severe one, were widespread among the car companies yesterday.

An official at Ford suggested that while "obviously some at the 'yuppie' end of the market are getting hurt financially, that doesn't necessarily mean them losing their company cars."

The share of the increasing market being taken by imports is continuing to decline. Imports accounted for 51.84 per cent of sales in October, compared with 54.51 per cent in the same month last year.

UK CAR REGISTRATIONS

	October				Year to date			
	1987	%	1986	%	1987	%	1986	%
Total market	144054	100.00	133082	100.00	1781185	100.00	1674965	100
UK produced	69370	48.16	60534	45.49	861282	48.35	730141	43.59
Imports	74684	51.84	72548	54.51	919903	51.65	944824	56.41
Ford	36894	25.61	34806	26.15	508089	28.53	454070	27.11
Rover Group	22763	15.80	19051	14.32	271485	15.24	269289	16.07
Vauxhall/Opel	21798	15.13	19803	14.88	239842	13.47	253367	15.13
Peugeot/Citroen	11172	7.75	8651	6.50	130255	7.31	106754	6.40
Nissan	8899	6.18	10487	7.88	98395	5.52	96176	5.74
Audi/VW/Seat	8742	6.07	8520	6.40	105434	5.91	104535	6.24
Renault	4243	2.95	3192	2.40	70596	3.96	61402	3.67
Volvo	4796	3.33	5715	4.29	61324	3.44	59898	3.58
Fiat/Alfa/Lancia	5134	3.56	5306	3.98	66202	3.72	59110	3.53

Source: Society of Motor Manufacturers and Traders

Four suspended by Lloyd's

BY NICK BUNKER

A FIVE-YEAR episode of disastrous underwriting at Lloyd's of London has led to the suspension from the Lloyd's market of a marine underwriter and three insurance brokers.

Lloyd's said yesterday that it had banned Mr Philip Roff Marsh, Mr Gerald Royston Lionel Becker, Mr James Stuart Scott and Mr John Richard Cantouris from underwriting or doing business at Lloyd's for 18 months. A fifth man, Mr Bryan Spencer, has been suspended for 18 months from carrying on business as a member of Lloyd's.

Lloyd's said it had found all five guilty of misconduct arising from events between May and July 1982, when Mr Marsh and Mr Spencer were employed as professional underwriters by two Lloyd's syndicates.

Mr Marsh was the underwriter for syndicate 420, which was run by the former Oakeley Vaughan underwriting agency. Mr Spencer worked for syndicate 895/898, managed by Spicer & White, a subsidiary of Willis Faber, the insurance broker.

It later emerged that both syndicates had run up large trading losses. Lloyd's said the misconduct involved the use of "binding authorities," arrangements by which a Lloyd's syndicate allows an insurance broker to accept business on its behalf.

The use of binding authorities by syndicates 420 and 895/898 meant that they accepted some North American insurance business that turned out to be "disastrously unprofitable," Lloyd's found.

Mr Marsh and Mr Spencer were found guilty of giving binding authorities "drawn in unreasonably and irresponsibly wide terms." Mr Becker and Mr Scott, who ran a Lloyd's broking house, pleaded guilty to two charges, including an allegation that they failed to tell Mr Marsh and Mr Spencer important facts about the business accepted under the binding authorities.

Mr Cantouris, another broker, pleaded guilty to failing to make a proper assessment of business he brought to Mr Marsh and Mr Spencer.

Bell Atlantic expands into Europe

BY DAVID THOMAS

BELL ATLANTIC, one of the large US regional telephone companies, is making a push into computer maintenance in the UK and on the Continent by buying seven companies in the field.

Together with its large US operation, Bell Atlantic believes it now ranks as the world's largest independent computer maintenance company.

Computer maintenance is a fast growing and profitable sector, although computer manufacturers are increasingly trying to win business in the area.

Bell Atlantic, which last year had a net income of $1.17bn (£670m) on sales of $9.32bn, was known to be keen to develop computer maintenance operations in Europe, where so far it has done little business.

Bell Atlantic made the purchases from Bell Canada Enterprises, the large Canadian holding company, whose interests include Bell Canada and Northern Telecom.

The largest of the companies acquired is Bell Technical Services, one of the biggest independent UK computer maintenance groups.

Bell Technical Services has a staff of 350, including 250 engineers, operating throughout the UK.

Bell Technical Services does not publish its turnover, but the last figures lodged in Companies House show losses of £1.5m on sales of £10.3m for 1985. The company said the loss was caused by special factors and that it moved into profit last year.

The other companies included in the package, which was bought by Bell Atlantic in a cash deal for an undisclosed price, are Bell (UK) Services, a British data communications outfit, and five computer maintenance companies on the Continent: Eurotechnica in France, Eurotech in Italy, and Dataway in Switzerland, Austria and West Germany.

Rifkind stresses relevance of 'strategy for Scotland'

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

INCENTIVE and responsibility were the twin pillars of the Government's strategy for its third term, Mr Malcolm Rifkind, the Scottish Secretary, said yesterday.

Mr Rifkind, speaking at Gleneagles during the international forum of the Scottish Council, Development and Industry, admitted that the Government's objectives for its third term would be more difficult to achieve, but claimed they would be of particular relevance to Scotland.

He cited income tax reductions and the sale of council houses as evidence of the Government's drive to improve incentives and rejected suggestions that such reforms were not appropriate or popular in Scotland.

He said: "It is suggested the Scottish character is less materialistic, more egalitarian and more attracted to collectivist social and economic policies. This school of thought suggests that 'Thatcherism' is only attractive to the English character, which is assumed to be of a different mould."

Mr Rifkind said the Government intended to pursue reforms that were as relevant to Scottish businessmen and industrialists as they were to other Scottish citizens.

Spycatcher trial delay bids fail

By Raymond Hughes, Law Courts Correspondent

THE GOVERNMENT failed yesterday in attempts to postpone until January the full trial of its claim for a permanent ban on press reports of allegations made by Mr Peter Wright, a former MI5 officer, in his book Spycatcher.

Sir Nicolas Browne-Wilkinson, the Vice-Chancellor, said he would defer the case against The Guardian, The Observer and The Sunday Times only until November 23, instead of November 16. The Court of Appeal later dismissed an appeal by the Attorney-General, Sir Patrick Mayhew, against that decision.

Woolwich to get £57m tax refund

By Hugo Dixon

WOOLWICH Building Society will receive a cheque for £57m from the Inland Revenue today, but the tax authorities will be appealing in the courts to try to get the money back.

The payment relates to tax taken by the Revenue from the society in 1985-86.

The High Court ruled in July that the Revenue had taxed the Woolwich twice but had no right to.

However, after the ruling the Revenue refused to refund Woolwich the cash, saying it would only do so if the society gave a legally binding undertaking to repay the money, plus interest, in the event of an appeal going the Revenue's way. Woolwich has now given such an undertaking.

Woolwich is pursuing a separate action against the Revenue for about £8m in interest it claims it is owed since it paid the £57m.

That case is expected to be heard later this month.

It is not clear what effect the Revenue's decision to pay Woolwich will have on other societies that believe they have been taxed twice.

If the Revenue were to repay every society it is estimated that the total cost would be £600m, but it would be able to claw some of that back in higher corporation taxes.

Leeds Permanent, which supported Woolwich in its original case, said it hoped the Revenue would repay its tax without a further court case.

However, the Building Societies Association, the industry's trade body, said it was likely that the Revenue would wait until after its appeal before deciding whether to pay other societies.

Talks on food laws to be extended

THE Government is to extend its talks on revising food laws. An earlier consultative document on the Food Act 1984 has been examined by Government ministers

Further talks will concentrate on tightening controls over contaminated or unfit foods (including imports), the opening of new food businesses, the need for controls on the developent of novel foods

Maurice Samuelson on the possible hazards of privatising a power utility

Sparks fly over electricity price rises

IN THREE weeks, leaders of Britain's chemicals industry are scheduled to hold a meeting with Mr Michael Spicer, the junior minister in charge of electricity. at the Department of Energy

The meeting was originally expected to be a friendly chat on the implications of privatising the electricity industry, on which the chemicals manufacturers have adopted a position ranging fromn positive neutrality to outright sympathy.

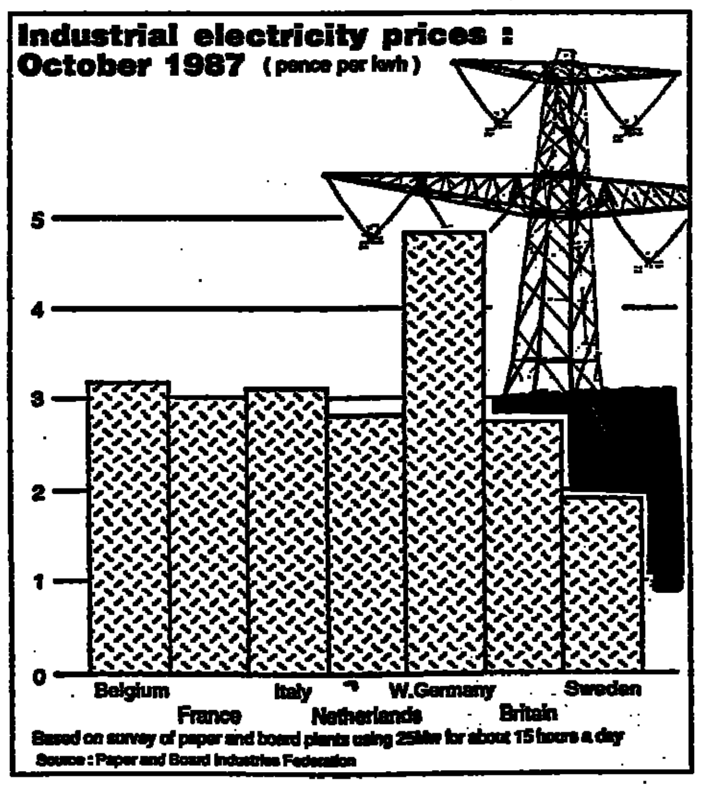
The meeting may turn out to be less friendly than expected after the announcement of forthcoming price increases. The issue of privatisation is likely to be overshadowed by theindustry's anxieties, bordering on consternation, about the likely effect of the increases on its commercial performance.

Mr Spicer and his chief, Mr Cecil Parkinson, are already hearing similar protests from other manufacturing sectors for whom electricity is a principal component of their production costs and for whom significant price rises would seriously affect their prospects over the next few years.

They fear that a privatised electricity industry will use its muscle against them as vigorously as British Gas which, in a series of protests to the Office of Fair Trading, they have accused of acting against the public interest by abusing its monopoly power now that it has entered the private sector.

Some of the energy-intensive industries, such as steel, claim that similar fears are spreading among their sister industries in Europe, which are watching carefully to see whether their governments imitate Britain's example of releasing powerful fuel utilities on to captive markets. Such a development, it is claimed, runs contrary to the European Community's stated aim of opening up energy markets throughout the member countries.

Paradoxically, the anxieties of British industrialists have arisen at a time when, by common consent, British electricity prices are satisfactory and even advantageous compared with those in several other countries.



Based on survey of paper and board plants using 25Mw for about 15 hours a day
Source: Paper and Board Industries Federation

The Electricity Council pointed out yesterday that, for the general industrial customer, prices in England and Wales are among the lowest in Europe and even the large, energy-intensive users are in the mid range. But it has yet to persuade its customers that even after the proposed increases, tariffs would remain "in the lower end of the range" of world prices. In the paper and board industry, electricity accounts for an average of 8 per cent of production costs, and sometimes as much as 15 per cent.

Electricity prices for British paper mills, using between 2MW and 25MW, are at present about midway among those paid by their competitors in Belgium, France, Italy, the Netherlands, West Germany, Sweden and Finland. The accompanying table illustrates the relatively favourable position of British plants using 25MW with a 60 per cent load factor.

However, Mr Alan Marriott, technical director of the Paper and Board Industries Federation, warns that any increase will have a dramatic effect. A rise of 25 per cent spread over two years would raise manufacturing costs by as much as 5 per cent. For one British company with a £9m-a-year electricity bill, that means a cost increase of nearly £2.5m a year.

For leading companies operating in highly competitive international markets, such higher costs will hit their profits, dampen their investment plans and affect staffing levels.

For the chemicals industry, the situation is even more disconcerting for such key products as chlorine, which require a high electricity input and which are widely used by the downstream manufacturers of important plastics such as PVC (polyvinyl chloride) and of titanium dioxide, the pigment used in white paint.

Mr Reg Legge of the Chemical Industries Association says the figures released by the Electricity Council and his association fail to reflect the extent to which chlorine manufacturers on the Continent benefit from old-established "special deals."

He cites the alleged 10-year contract under which Atochem, one of France's principal chlorine makers, pays only 1.3 pence per unit (kilowatt-hour), about half the most favourable price in Britain. In West Germany, it is said to be standard practice to offer "special terms" on the heavy industrial tariffs for plants in the 10MW to 20MW range.

In Britain, price rises of about 25 per cent would offset some of the advantages provided by concessions won in Britain in recent years, such as the so-called Quics scheme, which supplies cheaper power to big, energy-intensive sites.

The scheme, linked to a cheap coal deal between British Coal and the Central Electricity Generating Board, has helped cut those customers' electricity bills by an average 7 per cent.

Ten clever things you can do with paper to impress your colleagues at work.

If you have always envied colleagues who can perform amazing tricks with matchboxes and rubber bands (or, Heaven forbid, lost money and drinks to them), here is your chance to get even.

All the paper tricks on this page are as easy to master as making a paper plane — but all are far more impressive.

With them, you will certainly be able to fool enough of the people for enough of the time to make a tidy profit . . . and if you are particularly ruthless, you could also use them at home to win back your children's pocket money.

1. A whole 50p through a £1 hole.

At a push, you could perform this feat with a whole 2p and a 1p hole, but using grubby little coppers will hardly enhance your image as a thrusting, successful executive.

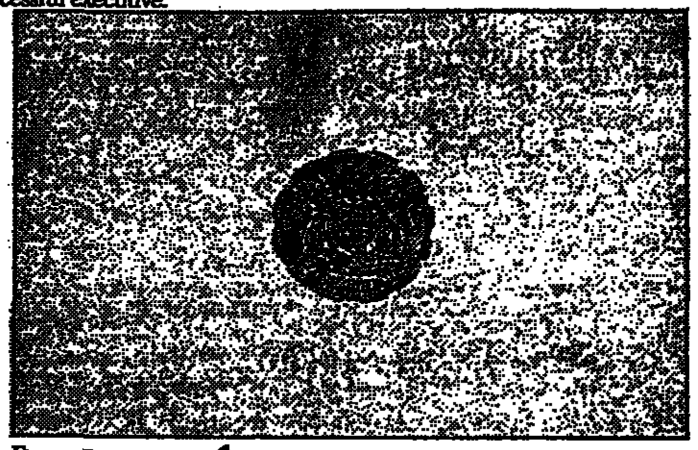


Figure 1a

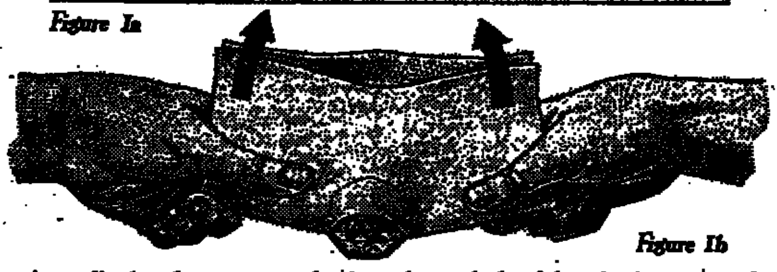


Figure 1b

Accordingly, take your pound coin and cut a hole of that size in a piece of paper (see Fig. 1a). Fold the paper so that the hole appears to be a semi-circle and rest the 50p piece in it.

Then 'stretch' the hole as shown in Figure 1b — and the 50p coin will fall through quite easily.

Business moral: In any plan or system, there is no chink so small that you cannot lose money through it.

2. Stroll through your paperwork.

Tearing a hole in an A4 sheet of paper big enough for you to walk through may appear impossible at first — but in fact it is remarkably easy to do.

First, find a sheet of paper. (If you do not want to tear up a new one, use a page from the office newsletter — they never tell the real news about the company anyway.) Then tear it as illustrated in Figure 2.

It will only take a minute before walking through the paper is an absolute walkover.

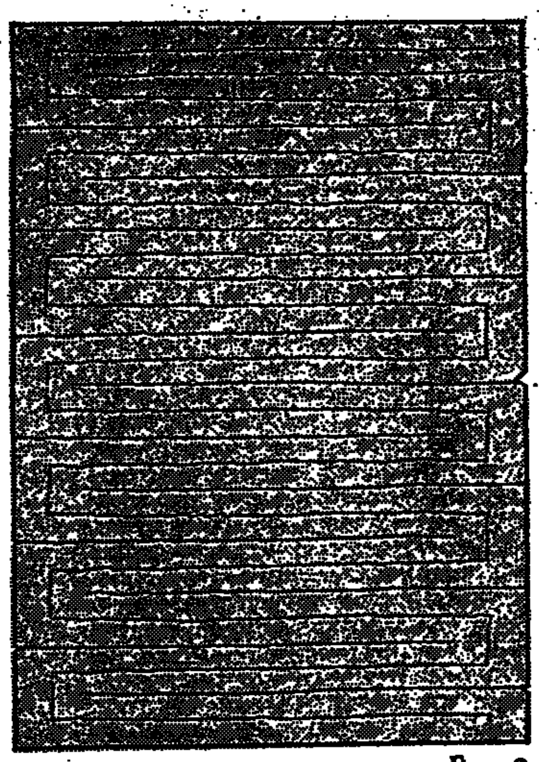


Figure 2

3. Snap the napkin.

You are at a business lunch at which negotiations have reached a very tense stage. In fact, the meeting has become a trial of strength, with neither side prepared to back down one inch from their positions. How do you resolve this situation in your favour?

The answer is to take a thick paper napkin and twist it into a rope. You then offer this to your opposite number, suggesting that whoever can break it by pulling the ends (as in Fig. 3a) can dictate all the terms of the deal.

Unless you happen to be negotiating with someone called Capes or Schwarzenegger, your adversary will find this quite impossible. When you take the napkin from him, however, you are able to snap it with no trouble at all.

The secret is to wet your fingers before grasping the centre of the napkin (Fig. 3b). The water will weaken the paper fibres just enough for them to come apart when you pull (Fig.3c).

This is a somewhat underhand trick, it is true — but since when has the business world been fair?

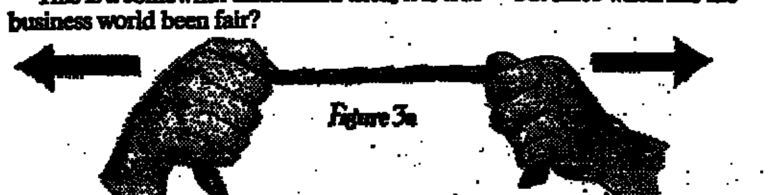


Figure 3a

Figure 3b

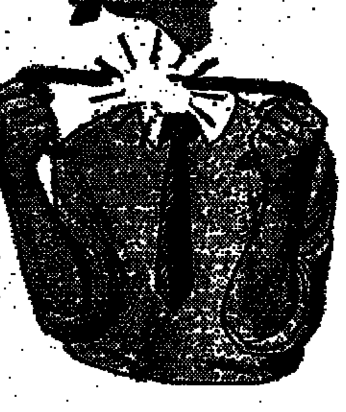


Figure 3c

4. A strip tease.

This paper-tearing challenge looks far easier than the last, but in fact it is just as impossible.

Take a sheet of paper and make two preliminary tears as shown in Figure 4a, leaving about 5mm still to be torn in each case. Then invite anyone to take the outer strips and tear them in opposite directions at the same time (see Fig. 4b) so that the centre strip falls clear.

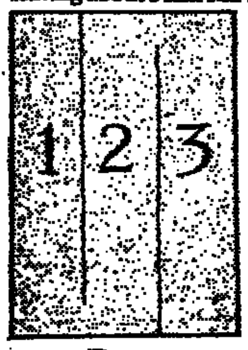


Figure 4a

Figure 4b

Whoever tries this is bound to fail. Because the joins between the strips are never of exactly the same strength, only one will ever give way, leaving the other intact.

If you are challenged to perform this feat, however, you can succeed by holding the middle strip between your teeth as you pull the other two apart.

5. A paper round.

Can a piece of paper have only one side and one edge? Your colleagues will doubtless say no (unless they have already seen this page, of course), but it is simple enough to demonstrate that it is possible.

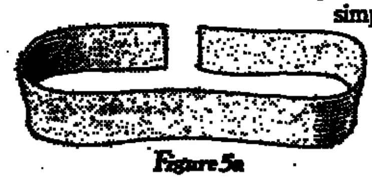


Figure 5a

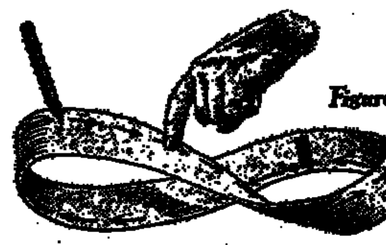


Figure 5b

Take a long strip of paper (Fig. 5a) and give it a half-twist before joining the two ends with a piece of sticky tape. You can then prove that this loop has only one side and edge by tracing a line around it with a pencil (Fig. 5b).

This topological phenomenon is known as a 'Möbius Strip' after its inventor, the German mathematician August Ferdinand Strip. (Sorry — Möbius.)

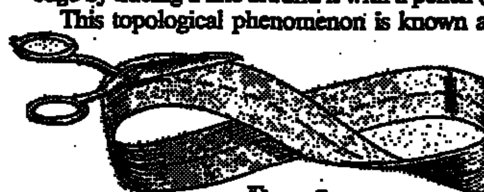


Figure 5c

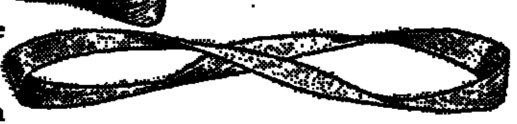


Figure 5d

There is a further twist to this, though. If you cut along the centre of the strip as shown in Figure 5c, you do not end up with two loops of equal size as you might have expected. Instead, you are left with one loop of twice the size (Fig. 5d).

Yet something even loopier happens when you cut along the centre of a strip which has been given a full twist (Fig. 5e). This time there are two loops — but astonishingly, they are interlinked! (Fig.5f.)

Figure 5e

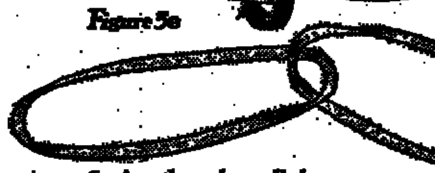


Figure 5f

6. Another clever link.

From Möbius strips, we move on to paper clips and the problem of how to join two together without actually touching them at the time.

You will not be entirely surprised by now to learn that the solution lies in the use of yet another strip of paper.

Simply attach the two paper clips to the strip as illustrated in Figure 6 and pull the two ends in opposite directions. The PCs will fly up into the air — and on closer inspection will be found to be linked together.

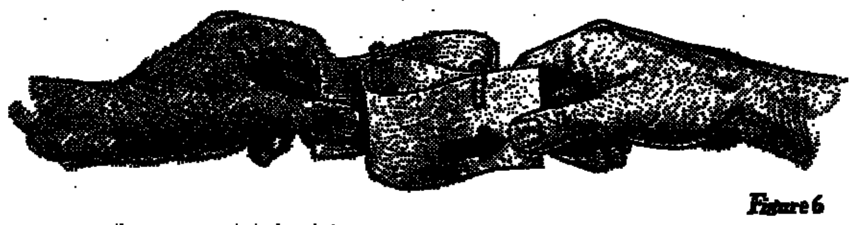


Figure 6

(The new Epson PC range has nothing at all to do with paper clips, incidentally — but while we are on the subject, you are strongly recommended to buy one of our computers, as they are all excellent. How's that for another clever link?)

7. Drop a line.

Faced with the question "What's ten times ten?", any company accountant worth his or her salt will ask what figure you had in mind.

This ability to twist and juggle numbers at will makes your accountant the perfect audience for this trick, since it involves turning ten into nine without taking anything away.

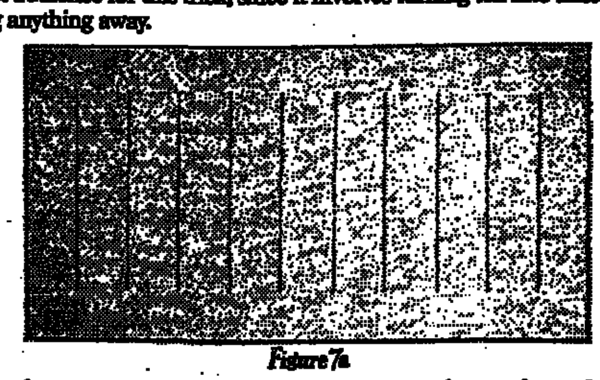


Figure 7a

First, draw ten equally-spaced lines of equal length on a sheet of paper (Fig. 7a). Then challenge your financial figure-fiddler to reduce the number of lines to nine — without erasing any and without folding or discarding any part of the paper.

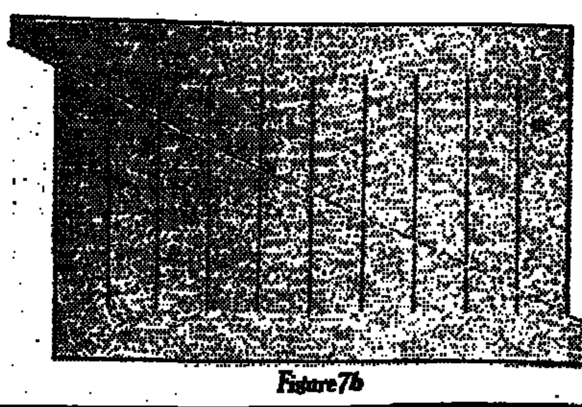


Figure 7b

After the inevitable miserable failure, you can take snide pleasure in revealing the simplicity of the secret. Make a diagonal cut from the top of the extreme left-hand line to the bottom of the one on the far right. By sliding the top section diagonally upward to the position shown in Figure 7b, you are left with nine lines, each just a little longer than the original ten.

8. One over the 8 x 8.

Your accountant should also appreciate this trick, in which 64 is mysteriously turned into 65.

Draw a grid of 64 squares (as in Fig. 8a). Then cut this into four sections (as in Fig. 8b). By cunningly rearranging the pieces of paper (Fig. 8c), you can make a 5 x 13 rectangle (Fig. 8d) — which of course contains 65 squares.

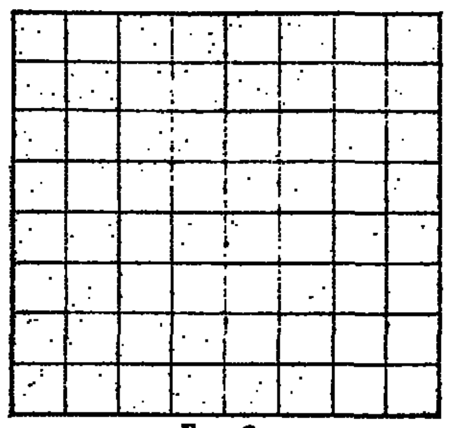


Figure 8a

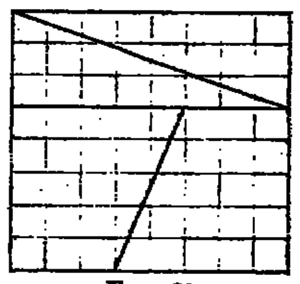


Figure 8b

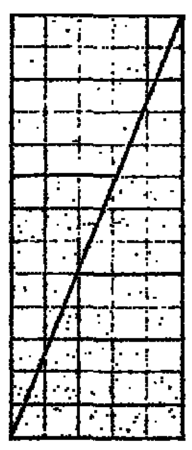


Figure 8c

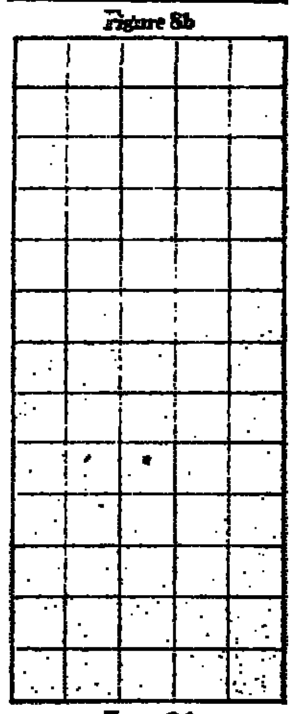


Figure 8d

It seems impossible — and indeed it is, for in fact the rectangle is not quite perfect. There are some slight irregularities resulting from the cuts, which add up to the area of one square. However, the pieces fit so closely that most people will not spot this.

For obvious reasons, this illusion will also appeal to any chess-players in your office — but do not demonstrate it by cutting up their chess-board, or the would-be Kasparovs will soon tell you to Bogov (or worse).

9. How to handle a balance sheet.

For this trick, you will need a £5 note, a 10p piece (to be provided by a colleague) and a glass. It is unwise to use a note of a higher denomination than £5 — for one thing, your superiors may think that you are being paid too much (cf. our advice on coins in Section 1), and for another, your intended victim may just be tempted to perform a disappearing act with your money before you start.

Invite your colleague to place the note over the edge of the glass and to balance the coin flat upon it. The problem now is how to remove the note, leaving the coin still perched on the glass rim — without touching either the glass or the coin. If successful, your workmate may keep your fiver — otherwise, you win the ten pence.

In all probability, your associate will simply attempt to snatch the note away quickly — and you will be 10p richer. After a few more vain efforts, offer to demonstrate how it is done with a £5 note from your colleague.

Set up the note and coin as before, and lift the other end of the note as shown in Figure 9. (Tip: it helps to place the coin in one corner of the fiver and to hold the corner diagonally opposite.)

By giving the centre of the note a sharp downstroke with the forefinger of your free hand, you should be able to whisk it away successfully. (Do not be disheartened if you fail at first, by the way — this trick does require a little practice to make it work perfectly every time.)

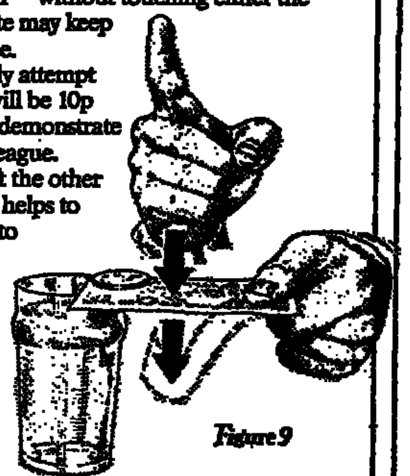


Figure 9

10. Improve your performance between the sheets.

The Japanese have always been clever with paper. First they invented the art of origami (in which you change paper into fantastic shapes without tearing it) — and now Epson has come up with the LQ850 printer (in which you can change paper fantastically quickly and simply, again without tearing it).

When you want to switch from single sheets (as in Fig. 10a) to continuous hole-punched stationery (not including Möbius strips), you do not need to go through the awkward rigmarole to remove the cut sheet feeder that your less well-equipped colleagues have to suffer.

Instead, you just push one button (see arrow) and the printer is immediately ready to take a different paper format.

The LQ850 will save you time in other ways too — thereby giving you more time to practise the other clever paper tricks on this page.

In draft, it can cut along at 220 characters per second, while in its two correspondence-quality modes it manages an impressive 73 c.p.s. (all at 10 c.p.i.). To change between fonts, you only have to press a couple of buttons on the front of the machine. A 6K buffer frees your PC for other tasks more quickly.

Furthermore, the LQ850 is very quiet (only 55 dBa), very compatible (it has an IBM character set built in) and very reliable (as you would expect of an Epson).

Yet for all this, it will not crease you financially. In fact, the LQ850 (Fig. 10a) costs just £625, while the wide-carriage LQ1050 (Fig. 10b) is yours for only £835 (both RRPs exc. VAT). If that does not impress your accounts department, nothing will.

For further details, drop a line to: Epson (U.K.) Limited, Freepost, Birmingham B37 5BR. (Alternatively, call up Prestel *280# or ring 0800 289622 free of charge.)

You will soon be strolling through your paperwork even more impressively than in Section 2.

Figure 10a

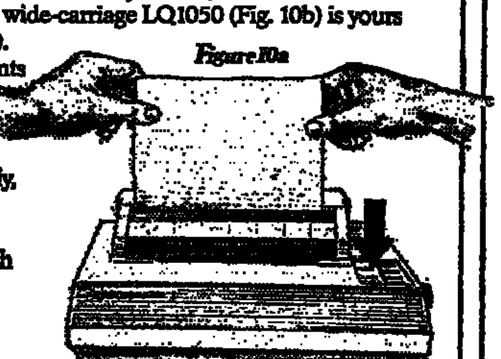
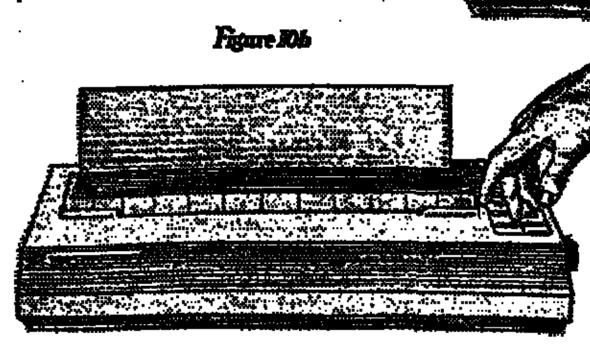


Figure 10b



EPSON

BNFL claims world lead at Sellafield plant

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

BRITISH Nuclear Fuels yesterday presented its first public review of progress on its controversial £1.65bn new reprocessing plant at Sellafield, Cumbria, and claimed a world lead in developing new technology to make the plant work safely.

Sellafield's giant Thermal Oxide Reprocessing Plant (Thorp) is due to start work in five years. It will reprocess used fuel rods from nuclear reactors, converting them into uranium for re-use, and also producing plutonium. Waste products will be made safe for storage through encapsulating them in molten glass.

Thorp will be as tall as St Paul's Cathedral in London but at least three times as big in length and volume. It is one of the biggest single engineering projects ever attempted, and almost certainly the most complicated. It also promises to be immensely profitable.

Mr Bill Wilkinson, deputy chief executive of BNFL, said that the Thorp plant was already 86 per cent booked for its first 10 years of operations, with £2.5bn of foreign orders, mainly from Japan, and £1.6bn of orders from the Central Electricity Generating Board.

He said: "Thorp is BNFL's future. The business it will get in its 25-year life will swamp all the other business BNFL will attract."

Mr Wilkinson was addressing a seminar of the British Nuclear Forum, the trade association for the nuclear industry. Members include most of the leading names in heavy, civil and chemical engineering.

The seminar included a tour of Thorp, part of which - a reception pond for storing incoming fuel rods - is already being commissioned. The plant will only reprocess fuel that has been left for five years to cool down thoroughly. About £508m has been spent on Thorp so far and spending is running at about £600m a year, 90 per cent of it in the UK among hundreds of suppliers.

Bill Wilkinson: looking to future

The advances which, it is claimed, make Thorp work safely revolve around plant design and construction. They include:

- Computer-aided design of pipework networks.
- Numerically controlled bending of pipework in off-site workshops to fit the computer-aided design.
- Automatic orbital welding techniques, some of which BNFL has been able to patent, in spite of using US and French machines to do the jobs. It should therefore be able to earn royalties from licensing use of these processes.
- The use of computer-linked laser theodolytes to define the co-ordinates of every corner of the plant after concrete has been poured. The data is fed back to the pipework design computer so that drawings can be adjusted to ensure that pipework bent into shape off-site fits when it arrives.

What such advances do is ensure that the pipework has as few bends and welds as possible, and that none of it "clashes." Getting round clashes when building conventional chemical plant has usually involved "cobbling" things together on site with unplanned extra bends to fit in extra lengths of pipe, adding unscheduled welds in the process. Thorp will also be the most earthquake-resistant building in Britain.

BCal plans alternatives to merger with BA

By Michael Donne, Aerospace Correspondent

BRITISH Caledonian Airways is poised to link with another European airline within the next few weeks, if the proposed merger with British Airways is rejected by the Monopolies Commission.

Sir Adam Thomson, chairman of the BCal group, said in London yesterday that over recent weeks, while the Commission has been studying the BA-BCal merger plan, BCal has been in discussion with at least 12 other airlines, with a view to one of them taking a significant investment in BCal.

The Monopolies Commission has now sent its report on the proposed BA-BCal merger to Lord Young, Secretary for Trade. The entire UK air transport industry is hoping for an early statement for or against the plan.

While Sir Adam yesterday declined to disclose the names of airlines involved in talks with BCal, it is known that they include Air Inter of France, Alitalia of Italy, and Northwest of the US. In fact, there are few European airlines with which BCal has not been in touch.

Sir Adam said the BCal board believed a complete take-over by BA was in the best long-term interests of BCal and the UK air transport industry.

But if the Monopolies Commission rejects such a plan, or if any revised offer from BA is financially unacceptable, there was "more than one" European airline ready to move in.

BCal's contingency plans were far advanced, he said, and an alternative investment from another airline could be arranged within a few weeks.

Sir Adam was unable to say what the size of any such alternative airline investment in BCal might be, but it would probably be not less than 15 per cent of the BCal share capital, and might be more.

Sir Adam said that over the years ahead, there would be more airline mergers in Western Europe, but BCal would survive, either as part of an enlarged British Airways group or in partnership with another airline.

Nick Garnett on the likely move of plough manufacture abroad

Lean times for farm machinery

THE SALE, announced this week, of Ransomes Sims and Jefferies' farm machinery business to Electrolux will almost certainly result in the removal to Sweden of what is the UK's second largest agricultural machinery operation.

Ipswich-based Ransomes will continue to make ploughs and harrows - the core of the business - for the next two years. It indicated yesterday, however, that the business would then be merged with Overum and Tive, the Electrolux subsidiary which exports ploughs to the UK. The company could not say how many jobs would be affected.

The Electrolux purchase is the latest development in a line of ownership changes in a UK industry accustomed to seeing its members jostle for position in the market, often by acquisition.

Last month, for example, Bomford and Evershed, a manufacturer of hedge trimmers, cultivating machines and maintenance equipment was taken over by the Elswick group which produces a similar range of products.

The sale of Ransomes to Electrolux is unusual because production capacity - including the only plough making facility apart from that of Warwickshire-based Dowdeswell - seems destined to be moved out of the UK, though Electrolux could not confirm this yesterday.

What has usually happened in this sector is that the sale of companies or the collapse of competing businesses results in plant rationalisation but product lines tend to live on in the hands of other UK producers ready to buy them.

Agricultural equipment has two distinct sectors. Tractor making in the UK is in the hands of the big three North American producers, Ford, Massey-Ferguson and Case, together with two British manufacturers, County and Marshall.

By contrast, machinery making, from ploughs and drills to special irrigation equipment, is an ants' nest of an industry with some 300 companies, half of them employing 20 or fewer.

Total employment in the machinery sector, excluding tractors, is about 25,000 and the UK is probably the fourth largest European machinery maker after West Germany, Italy and France.

The past two years have seen a continuation of the ownership reshuffling that has always characterised the industry.

Last year, when the UK machinery market tumbled by 18 per cent in unit sales, a number of companies went into receivership.

In 1987, with the market down but not to the same degree, the industry has witnessed several management buyouts as well as agreed company purchases.

This year, Hestair, the industrial holding group, got out of the industry. One of its principal businesses, Stanhay-Webb, a seed-drill maker, was bought by its management.

Wright-Rain, a Hampshire-based maker of irrigation equipment was also subject to a management buy-out as was Javelin Irrigation, which makes similar products.

Last year, the Wolseley group, which has seven farm machinery businesses employing 1,100 people around the country, confirmed its position as the biggest producer in the UK by purchasing lines from a number of companies.

It took the pneumatic fertiliser spreaders and planting equipment from the Yorkshire-based AC Bamlett group which had gone into receivership. It also bought the conventional drill range made by Bettinson, another part of the business sold by Hestair.

The resilience of product ranges in this very competitive sector was demonstrated by the industry's two big failures since the turn of the decade.

Many of the products made by Howard Machinery, which invented the rotavator and went into liquidation in the early 1980s, are now made by other UK companies.

At the same time the trailers made by Weeks, the UK market leader in trailers when it went into voluntary liquidation three years ago, were bought up by Richard Western of Suffolk which now makes them under its own name.

"We have reduced capacity through acquisition and rationalisation but the range of machinery we make has not shrunk much at all," says Mr John Young, president of the Agricultural Engineers Association.

"We are leaner but there is still some overcapacity and there will be further capacity closures, but I hope this is nearing an end."

The association says that exchange rates and labour improvements have helped to make many British companies highly productive and competitive. "You are now seeing a lot of pressure on importers," says one machinery builder.

As an indication of that, perhaps, British and General Tube, importers of Bauer irrigation equipment, went into receivership this year.

The UK though is not the force it once was in agricultural machinery. It suffers from having a much smaller domestic market than its main European competitors, partly because of the relatively large size of its farms compared with those on the Continent.

In the past 10 years, the total British market for machinery has shrunk by 40 per cent in unit terms.

But UK producers have not always been in a position to satisfy the market. When Britain joined the EC, domestic demand rocketed and British machinery makers could not cope with the rush of orders. Imports rolled in.

The closure of Massey-Ferguson's Kilmarnock plant in Scotland in the 1970s also took Britain out of combine harvester manufacturing.

Unlike tractors, which make more than £200m contribution to the balance of payments, the UK is a net importer of farm machinery. The Electrolux deal looks as if it might eventually worsen that deficit.

Cheap US air fare plan

BY LYNTON McLAIN

HIGHLAND EXPRESS Airways wants to introduce a £99 single fare between Stansted or Birmingham, via Prestwick, Scotland, and Newark, New Jersey, which serves New York.

The airline has applied to the Civil Aviation Authority for permission to offer the fare for the winter as part of its strategy "to bring low-cost scheduled services to the Midlands and East Anglia," Highland Express said yesterday.

The proposed fare compares with the airline's current mid-week single economy fare of £169 and its weekend single economy fare of £189.

The airline's one Boeing 747 flies from Stansted and Birmingham on separate services to Prestwick.

Highland Express was formed by Mr Randolph Fields, the founder of British Atlantic Airways, which became Virgin Atlantic Airways.

It started passenger services between Scotland and New York in June last year, with the first fares also at £99 for a single economy ticket.

Far East deal for Inmos

BY TERRY DODSWORTH

INMOS, the UK semiconductor group owned by Thorn EMI, is stepping up its expansion in the Far East with the appointment of a distributor in Hong Kong.

The agreement comes during a year of rapid growth for the company, which is benefiting from the use of one of its chips for colour graphics in the IBM PS/2 personal computer.

Many Japanese companies are also evaluating Inmos's product line, particularly the unique transputer chip, a microprocessor that operates at high speeds.

Inmos established its presence in the Far East with a sales office opened in Japan about a year ago. Since then, it has developed that part of its business to about 5 per cent of its current turnover of about £80m a year, and its move into Hong Kong underlines its ambitions to expand throughout the region, not only in Japan.

Inmos's growth has established the company as one of the three largest integrated-circuit manufacturers in the UK, with Plessey and Ferranti.

Joint fighter decision nearer

BY DAVID BUCHAN, DEFENCE CORRESPONDENT

THE MINISTRY of Defence today starts the decision-making process that by Christmas could lead to a firm commitment by Britain to spend as much as £4bn as its share of developing the European Fighter Aircraft (EFA) with West Germany, Italy and Spain.

The ministry's Equipment Policy Committee (EPC) will today review whether Britain should enter into full-scale development of EFA. Its likely approval will then be considered first by MoD ministers. Other departments will be consulted in Cabinet.

Uncertainty still hangs over the four nations' collaborative programme to develop and produce about 800 EFA aircraft for their air forces, because of growing nervousness, particularly in West Germany, that the EFA project will prove far more expensive than buying a US fighter like the F-18 off the shelf.

Mr Manfred Woerner, the German defence minister, who faces a competing demand on his budget from an ambitious Franco-German helicopter project, used a Nato meeting in California this week to seek assurances from his British, Italian and Spanish ministerial counterparts that they were still behind the project.

Mr George Younger, the UK defence secretary, said afterwards that the Germans had got the assurances and that he was confident all four governments, via their different national procedures, would be ready to give the go-ahead for full EFA development early next year.

If Bonn were to drop out, the EFA project would probably collapse. Its participation was vital to the making of the Tornado fighter with Britain and Italy. Like Britain it is due to bear a third of development costs and take a third, or about 250 aircraft, of production.

British officials have not divulged latest development cost estimates. But the Germans have put their share, identical to Britain's, at more than DMs 7 bn (£2.1bn), nearly twice the estimate two years ago, although German figures include value added tax excluded in UK estimates.

France dropped out of EFA two years ago at the project definition stage because it wanted a lighter jet for export and for use on navy carriers than the other four countries. It is now desperately searching for partner countries on its Rafale fighter project, which it might well find if EFA were grounded.

The EPC, chaired by Professor Richard Norman, the MoD chief scientific adviser, will examine, pro forma, two alternatives to EFA - a purely national design by British Aerospace known as P120 and purchase of an updated version of the McDonnell-Douglas F-18. But the MoD is set against solo UK development of a fighter, while UK industry would rebel at a straight import.

Much of the cost inflation for EFA arises from the radar. Two consortia have bid to supply the radar, one centred on new technology being developed by Ferranti of the UK and the other offering a modernised version of radar from Hughes of the US already in aircraft like the F-4 Phantom.

West Germany would be much happier about EFA if it were to have a common radar with the German air force's Phantoms. But the UK Government may prefer the Ferranti radar, with a UK company taking the development lead.

A dogfight among good friends, Page 22

Temple of cash draws the true believers

By Richard Waters

WORSHIPPERS at the temple of money yesterday did not seem to think their god had deserted them.

Like true zealots, they retain their faith in a munificent divinity, although the edge of their religious mania may have been blunted slightly by recent events.

Mr Stanley East, a retired nightclub owner from Lancing in Sussex, and his wife Joyce were among those making the pilgrimage to West London to demonstrate their faith. The occasion: the first day of the Money '87 Show at Olympia.

Mr and Mrs East, if cautious, are still prepared to lose all - the only mark of the real believer. "We won't be destitute if we lose the lot," said Mr East cheerfully.

"The lot" in question is a tidy little £30,000, made when the Easts sold their nightclub in Shoreham, Sussex, last year. Having kept their money quietly in a building society earning interest at 10½ per cent for a year, the Easts have now come to London to find more exciting things to do with it.

Judging by the austere expressions on the faces of some of those at the show, they may be glad they did not find something more exciting to do with it earlier.

Mrs Violet King, from Reading, also says life would not change too much if she and her husband Edward lost their nest egg.

He retired as a fire safety officer two years ago. He has an annuity, a pension and something put aside in the building society. The rest has been ventured in unit trusts and stocks and shares - with varying degrees of success.

"We've lost about £11,000 or £12,000," said Mr King without letting his bottom lip quiver once. On the eve of the stock market crash, he reckons the King family interest in equities to have been £40,000.

Both the Kings and the Easts say money is a hobby. The Easts go to evening classes in it. Mr King has bought a Sinclair computer so he can keep track of what is happening to his. Both read the Saturday FT.

Coming to the Mecca of money, then, there is one thing that may well have puzzled them: there was no sign of the stuff.

The stands of investment houses and advisers alike, following almost universal minimalist designs, eschewed any hint of cash. No one was visibly investing it, and no one was giving any away. Only Abbey Life had the apparent bad taste to offer passers by the chance to win £500 by sticking a pin in a map.

In fact, there was only one place where hard cash appeared to be changing hands. The proprietors of the Windsor Bar, in the hall at Olympia, could certainly teach the money men a thing or two about separating the punters from their change.

Cashless shopping trial by Girobank

By Hugo Dixon

GIROBANK is launching a cashless shopping trial in two supermarkets run by J Sainsbury, the food retailer, later this year.

Girobank is a member of the LINK cash network and customers of LINK's other members will also be able to use the scheme.

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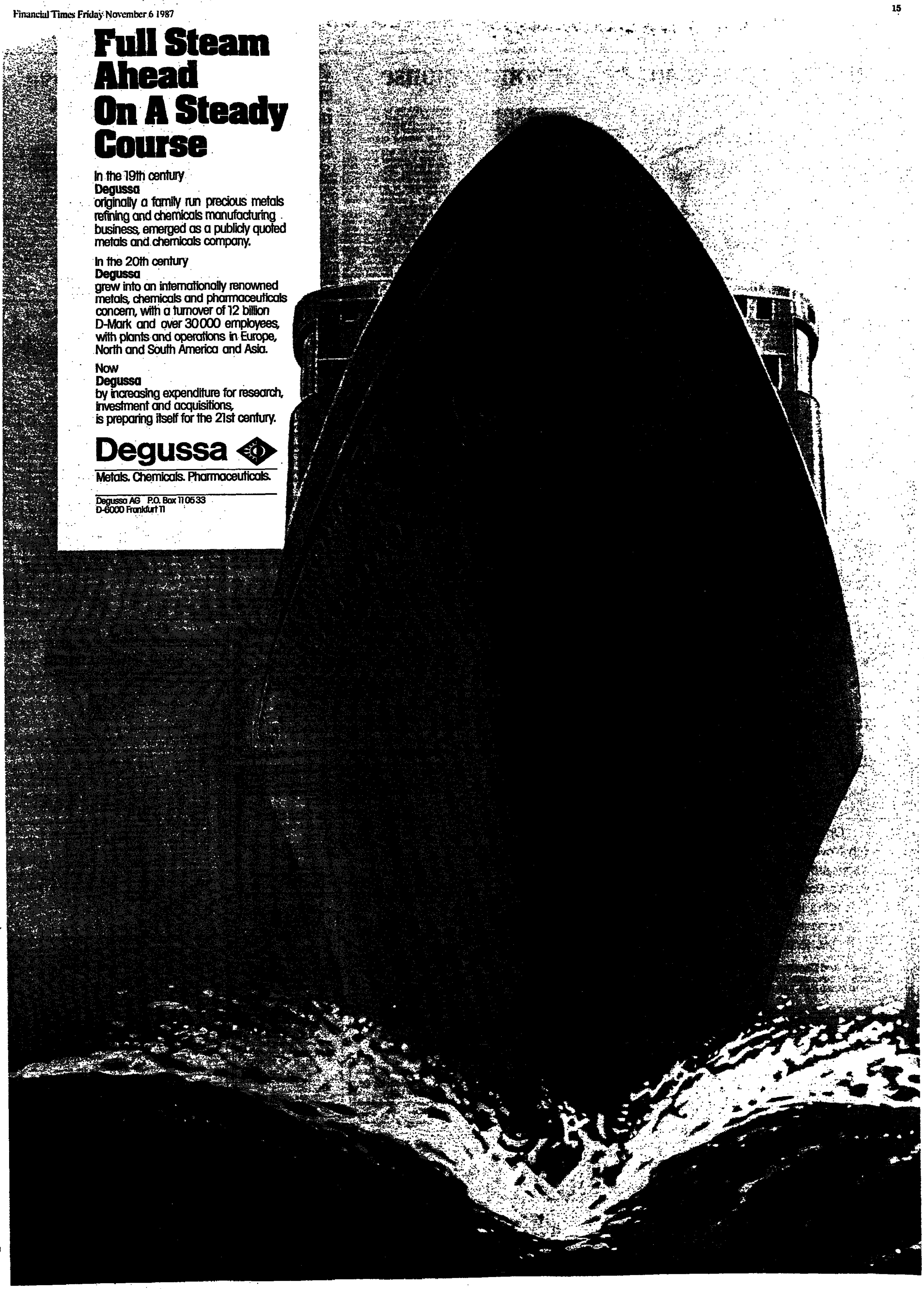


Smith jibe rouses angry Lawson response

BY TOM LYNCH AND IVOR OWEN

HOSTILITY between Mr Nigel Lawson, the Chancellor, and Mr John Smith, his Labour shadow, erupted into an angry row in the House of Commons yesterday during a debate on the collapse in the financial markets.

Sir Paul Dean, the deputy Speaker, had to intervene to restore order after an increasingly furious Mr Lawson, backed by Tory roars of anger, rose six times during Mr Smith's speech to deny that a sentence in his Mansion House speech on Wednesday night had been an insult to Mr Karl Otto Poehl, the president of the Bundesbank, the central bank of West Germany.

Mr Smith quoted Mr Lawson describing as "manifest poppycock" the view that exchange rate stability promoted stock market instability with the corollary that exchange rate stability would promote stock market stability.

Challenged by Mr Lawson to produce a quote proving that Mr Poehl held such a view, Mr Smith, to Tory derision, referred to "leading economic commentators." He told the Chancellor: "You know you were attacking that view - you know where it comes from."

Mr Lawson said Mr Smith had made a serious allegation about Mr Poehl. "You have produced not a shred of evidence that it is his view. You must withdraw."

Expressing surprise at having "touched such a sensitive spot," Mr Smith stood his ground, backed by a growing chorus of approval from Labour MPs, obviously surprised at such a major row developing on the point and revelling in the anger of the Chancellor and his supporters.


A remark by John Smith (left) sparked a legnthy exchange with an angry Nigel Lawson

Mr Lawson said his remarks were aimed at some economists employed by City stockbrokers, at which Mr Smith retorted that he must then have been attacking some of the people he set out in his speech to praise for their calm in the face of the crisis.

At the heart of the debate was the timing of any international intiative. Mr Smith argued that the major economies should meet immediately to draw up a comprehensive programme for action, while Mr Lawson insisted that to do so before the US Congress and Administration had agreed on a package to cut the budget deficit would have a "devastating" effect on world markets.

Mr Smith urged the Government to take a lead in getting the Group of Seven major economies together to "engineer an accord to save us from disaster. That would do more than any single thing to restore confidence."

The accord should cover interest rates and managing exchange rates, and should co-ordinate expansion in Western Europe and Japan so that, if deflation resulted in the US from a cut in its budget deficit, the slack in demand could be taken up by the other industrial economies.

"It is vitally necessary that there is an international response which involves governments. The shattered markets are looking to governments to play their indispensable role in the world economy."

Mr Smith said it was "vitally important" for the UK not to wait until the negotiations within the US had been concluded before adopting its own strategy. He argued for a targeted increase in public expenditure on the infrastructure, which was desirable in itself and would help offset any decline in demand from across the Atlantic.

There would be "nothing more irresponsible" than to use available resources for income tax cuts, which would suck in imports and worsen the balance of trade deficit.

Mr Lawson insisted that the Government wanted to see an international agreement "but the first step in any agreement has to be the securing of agreement inside the US on a credible and sufficient package of measures to attack their budget deficit and bring it down in order to recreate market confidence."

However, he told Mr Smith: "To have a meeting now, when that is not in place, would have a devastating effect on world markets and therefore it would be necessary to proceed on a proper step-by-step approach with the Americans reaching their agreement first."

A meeting of the G7 would build on the US package and should include monetary measures and action to improve the economies of individual countries. Action on interest rates would be "a distinct possibility."

When Mr Neil Kinnock, the Labour leader, intervened to state that he had insisted on the necessity of government involvement, rather than relying on markets, but had not approved of the scale or purpose of US spending, Mr Lawson told him: "You are wriggling and making it up as you go along."

The Chancellor insisted that it was a tribute to the strength of the British economy, fostered by the Conservatives, that it was able to cope so well with the current crisis in the markets. His Budget next March would take the slump in the markets "fully into account"

Mr Robert Maclennan, leader of the Social Democrats, agreed with the Chancellor that to hold a conference of the major industrial nations without the ground being properly prepared and in advance of the United States taking action to deal with its fiscal and current account deficits would probably be "disastrous".

Package to cut deficit in US 'vital first step'

By Ivor Owen

A CONVINCING package to reduce the United States budget deficit must be the "vital first step towards restoring confidence in financial markets," Mrs Margaret Thatcher, the Prime Minister, stressed in the Commons yesterday.

Echoing earlier comments by Mr Nigel Lawson, the Chancellor of the Exchequer, expressing the hope that the negotiations taking place between President Reagan and the Congress would soon be successful Mrs Thatcher said: "I have been in touch directly with the President about it."

Mrs Thatcher, who repeatedly praised Mr Lawson for his successful management of the nation's finances, also complimented most small investors for refusing to panic during the recent market upheavals.

She said most small investors invested for the long term. When they purchased shares in a company they kept faith in it and took the dividends. They had been "very, very steady during the recent problems on the Stock Exchange."

Responding to Labour criticism of the Government's failure to provide adequate funds for the National Health Service, Mrs Thatcher emphasised that the Chancellor's success had led to the growth in the economy which had enabled the Government to spend more on health provision than its Labour predecessor, amounting to an increase of 30 per cent in real terms.

Mr Neil Kinnock, the Labour leader, argued that government policies had resulted in health authorities throughout the country having to impose cuts in order not to run out of money before the end of the financial year.

He contended that, in effect, the Prime Minister was telling them: "Do not treat too many patients in case your money runs out" and, by the same token, saying to patients, "Try not to be ill at the wrong time in the financial year".

To government cheers, Mrs Thatcher stressed that £20.5bn would be spent on the health service in the current financial year compared with £8bn when she became Prime Minister

Honours are even as the economic heavies battle

AFFAIRS of honour provided the dominant theme in the Commons yesterday on a day when the stormy proceedings in the Chamber seemed to match the turbulence of the world stock markets.

An ill-assorted range of personalities came under attack including Norman Tebbit, former chairman of the Conservative Party, Nigel Lawson, our pugnacious Chancellor, and even Karl Otto Poehl, president of the West German Bundesbank. It really was very bewildering.

The trouble started when Dennis Skinner, that battle-scarred veteran of the Labour benches, launched an onslaught on Mr Tebbit, who is taking up several directorships including a non-executive post on the board of British Telecom.

Skinner complained there had been protests about a conflict of interest over the possibility of Lord Young, the Trade and Industry Secretary, becoming Tory chairman. But at the same time Mr Tebbit had not been bothered about the conflict of interest when he was "lining his own pockets."

That, ruled Bernard Weatherill, the Speaker, was a reflection on the honour of an honourable member and Mr Skinner must withdraw.

"No, I can't" retorted the Beast of Bolsover. "No, no, it's absolutely true."

"Shove off, chuck him out", roared indignant Tories.

Which is what the Speaker proceeded to do. Yet again Skinner had been given the order of the boot and, as he stalked out of the Chamber, a group of left-wingers went with him in a show of solidarity.

This was rather a pity as they were just the sort of political guerrilla fighters who would have been very much at home in the stirring events of the economic debate that followed.

This turned out to be one of the most shambolic affairs of recent years. Most of the time seemed taken up by rowdy interventions as Chancellor Lawson and John Smith, Labour's shadow Chancellor, stumbled through their speeches against a barrage of heckling from their opponents.

But at least we made one remarkable discovery. Nigel is not the parliamentary pachyderm that we supposed. We have come to look upon him as a sort of political rhino trampling down all opposition. Not at all. Yesterday he emerged as a sensitive creature, who cringes at the slightest insult.

Mr Smith, probably fed up with getting the rough edge of the Chancellor's tongue, decided to reply in kind. He pondered on the wording of Mrs Thatcher's message to President Reagan following Mr Lawson's Mansion House speech

He surmised that the Prime Minister probably said: "Don't take this chap too seriously. He's rude by nature but he can't help it. I am still your friend. Signed, Maggie."

Nigel stayed impassive throughout this passage but became very perturbed when Mr Smith alleged that he had offered a calculated insult to the President of the Bundesbank. With great dignity he denied any such insult and called on Mr Smith to quote the alleged remark or withdraw his accusation.

PARLIAMENTARY SKETCH

Mr Smith obliged by quoting a rather obscure passage in the speech in which the Chancellor had said it was "manifest poppycock" to claim that exchange rate stability promoted stock-market instability and that exchange rate instablity promoted stock market stability. Although this was rather incomprehensible to the rest of us the Labour spokeman set great significance by it and thought it was obviously aimed at Mr Poehl.

Repeatedly a fulminating Nigel rose to the despatch box but Mr Smith still stood by his allegation. "I had no idea I would touch such a senstive spot," he declared gleefully enjoying the Chancellor's discomfort.

As far as one could judge through the dust of combat honours were about even as the contestants staggered from the arena.

John Hunt

Speaker orders Skinner out

BY TOM LYNCH

Dennis Skinner: accusation aimed at Norman Tebbit

MR DENNIS SKINNER, the Labour MP for Bolsover, was yesterday ordered by Mr Bernard Weatherill, the Speaker, to leave the Commons chamber after accusing Mr Norman Tebbit, the former Conservative Party chairman, of "lining his pockets."

During business questions, Mr Skinner referred to Mr Tebbit's successful opposition to Lord Young adding the party chairmanship to his current post as Trade and Industry Secretary because of potential conflicts of interest in respect of companies which helped finance the party.

"Now at the same time the ex-chairman of the Tory Party is not bothered about conflicts of interest when he is lining his own pockets."

Mr Skinner did not specify a company, but Mr Joe Ashton (Lab, Bassetlaw) told MPs that Mr Tebbit, as Trade and Industry Secretary, had been responsible for doubling the salaries of British Telecom directors in the run-up to privatisation and was now joining those directors on the BT board.

Mr Weatherill told Mr Skinner his reference to Mr Tebbit was a reflection on the Chingford MP's honour, and demanded he withdraw it. Mr Skinner confirmed that he had made a statement reflecting on his honour and refused to withdraw because "it is absolutely true."

When asked to leave the Chamber, Mr Skinner at first remained in his place but eventually left, followed by about 20 MPs from the Labour left - about half of those who were in the Commons at the time, and including Mr Tony Benn, MP for Chesterfield.

After an argument with a Commons official and an appeal to the Chair, Mr Skinner was allowed to stay within the Commons precincts.

Tony Benn: left Chamber in sympathy

Opposing factions in fresh row on merger

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

RELATIONSHIPS between the pro and anti-merger factions within the Social Democratic Party leadership have plumbed new depths with the disclosure of a letter claimed by those negotiating to create a new party with the Liberals to provide hard evidence that their opponents are organising a "party within a party".

The letter has been written by Ms Marina Carr. an official of the Campaign for Social Democracy, which wants the SDP to continue as an independent political force, to the party's area organisers. It calls on those opposed to merger to "wrap" themselves in the party machinery and to get as many people as possible elected to committees, councils and area executives so that they can carry on "when the split comes".

It advises supporters to "use their judgment" in assessing how best to spread their influence and suggests, for example, that it would not help to stand on a pro-SDP ticket in a largely pro-merger area. It adds: "Being sceptical about the terms of a merger could encourage people to believe theat they will be safe with your decision."

The letter says that activists should not proceed under a mantle of secrecy but it then goes on to advise its recipients not to leave lists of supporters' names lying around, not to carry the letter with them and to be cautious when approaching people to canvass their views.

The tactics of the Owenite wing of the party have already infuriated those within the party leadership who are conducting the merger talks with the Liberals. Mr Richard Newby, the party's national secretary, said yesterday he was writing to area parties pointing out that candidates were bound to state their true views in order to try to get elected and that, beyond supplying details with ballot papers, they were constitutionally barred from further canvassing.

He added: "I have felt the need to alert the party to possible individual attempts by candidates to deceive voters in local party elections".

There have been threats that members of the anti-merger camp could be expelled but the SDP leadership considers such a move, which might entail removing nearly half of the party's national committee, would prove politically impossible. The hope is that what they regard as an increasingly blatant attempt to undermine the negotiations will prove counter-productive.

Whitelaw views shunned

BY IVOR OWEN

DOUBTS expressed by Viscount Whitelaw, Leader of the Lords, about the Government's capacity to carry into law its proposals to allow schools to opt out of control by local education authorities were brushed aside by Mrs Margaret Thatcher, the Prime Minister, in the Commons yesterday. She said: "The Government's opt-out proposals, I believe, will go through and become law."

Speaking on BBC radio last night - in a programme recorded before the Prime Minister expressed her view - Lord Whitelaw suggested that with so many peers having specialist knowledge of education issues, the opt-out provisions in the Government's bill to reform education were unlikely to survive.

Electricity rise defended

BY IVOR OWEN

BRITISH industry will still be in a position to compete with overseas rivals when the increases in electricity prices announced this week take effect, Mrs Margaret Thatcher, the Prime Minister, claimed in the Commons yesterday.

Mr David Steel, the Liberal leader, stressed that the higher electricity prices - they will rise by around 15 per cent in the two years from April 1988 - would add £900m to industry's costs.

The Prime Minister repeated that the higher charges were necessary to pay for increased investment. When they took effect British companies would, in many cases, still be enjoying lower electricity charges than their overseas competitors.

Parliamentary business

MONDAY: Licensing Bill (second reading). Motion on EC document relating to free food scheme.

TUESDAY: Debate on report of Commons (services) committee, including security at Westminster.

WEDNESDAY: Opposition debate on transport. Debate on motion on supplementary estimate on the purchase and sale of shares in BP.

Company Notices

UK APPOINTMENTS

Chairman of Reed paper and packaging division

Mr Peter Williams, a director of REED INTERNATIONAL, has been appointed chairman and chief executive, paper and packaging. He assumes responsibility for Reed International's manufacturing interests in the UK, Canada and Holland. In addition to his existing responsibilities for Reed Packaging and North America Paper he also takes charge of the trading group (Spicers and Maybank) and the European Paper companies.

*

Mr R.J.L. Hubble and **Mr R.J. Leynton** have been appointed directors of USHER-WALKER.

*

SMARTS GROUP, an OCS Group subsidiary, has appointed **Mr Tony Dodd** as operations director. He was general manager.

*

Mr Frank Skinner has been appointed sales director of SENELCO. He joins from Nashua where he was international sales and marketing manager.

*

MILLARD CONTRACTORS, part of Raine Industries, has appointed **Mr Robert Irving** as managing director, **Mr Brian Allen** as construction director, and **Mr Bob Kennett** as commercial director. Mr Irving was manager of the major works division of A.H. Guest. **Mr Brian Eggleston**, Guest's managing director, becomes chairman of Millard.

*

Mr Roger Meacham has been appointed managing director of SOUTH WALES FOREGEMASTERS, a Cardiff-based concern rescued by the Welsh Development Agency earlier this year. He was previously managing director of Clarkes Crank and Forge, of Lincoln. **Mr. Frank Baldrey**, previously with BOC and a deputy chairman of GKN Forgings, is joining the board as a non-executive director.

*

Mr N.F.C. Smith, chairman of A.GRANTHAM, is resigning to devote more time to other interests. He will be succeeded by **Mr Michael Franks**.

*

Mr Roy H. Goss has been appointed commercial director of CANTAB, Huntingdon, a new post. He joins from Spectronic Microsystems, where he was managing director.

*

THE BRITISH LAND COMPANY has appointed **Mr Michael Gunston** as chief estates surveyor, succeeding **Mr Ronald M. Christie** who has resigned because of ill-health.

*

THE LEE BEESLEY GROUP has appointed **Mr Michael Abbott** as group director - technical services. He takes over the administration duties of **Mr Alf Burgess**, deputy chairman who has retired. **Mr Bill Richardson** has been appointed director and general manager of Thomas Laurie Electrical, Falkirk, following the death of **Mr Stewart McCulloch**. **Mr Geoff Westwood** has been appointed managing director of Ernest Walker & Co., Leeds.

*

Mr James M. Finlay has been appointed general manager (administration) at THE SCOTTISH LIFE ASSURANCE COMPANY.

*

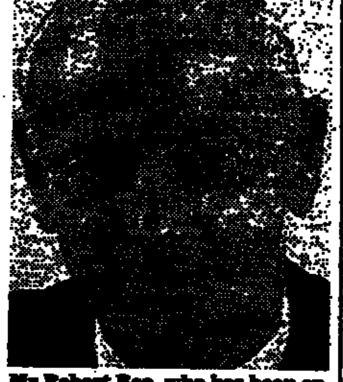
Mr George Martin and **Mr Peter de Savary** have been appointed to the board of ASPINALL HOLDINGS. Mr Martin is chief executive, and Mr de Savary a director of LandLeisure (previously known as Alfred Walker).

*

PARKLAND TEXTILE (HOLDINGS) has appointed **Mr Stanley Carlisle** as group management development and training director. He was responsible for the weaving division. **Mr Michael Rowley** has been appointed financial director. He joins from Coopers & Lybrand, where he was an associate director. **Mr Roy Smith** has been appointed managing director of the weaving division. He was managing director of Parkland Manufacturing Co. **Mr J. Keith Wear** has been appointed group property director. He was managing director of Maitland Menswear. **Mr Alex McManus** and **Mr Charles Hartley** have been appointed joint managing directors of Maitland Menswear. They were production director and sales director respectively of Maitland Menswear.

*

Mr Robert N. Bee and **Mr Benny J. Larsen** have been appointed managing directors of TSB PRIVATE BANK INTERNATIONAL, a Luxembourg-based personal bank due to open in



Mr Robert Bee, who has been appointed a managing director of TSB Private Bank International

January. Mr Bee, based in London, was managing director and chief executive officer of London Interstate Bank. Mr Larsen, based in Luxembourg, was managing director of Maryland Bank International.

*

Mr David Nabarro has been appointed an executive director of PRUDENTIAL-BACHE CAPITAL FUNDING (EQUITIES).

*

Mr Simon Barrow has been appointed a director HENRY ANSBACHER & CO. He will join the corporate finance department from November 30. He was a partner at Ernst & Whinney.

*

FIRST NATIONAL FINANCE CORPORATION has appointed **Mr Martin Mays-Smith** as a non-executive director. He is a director of Kleinwort Benson and other companies.

*

Mr Bill Francis has been appointed president of the INSTITUTION OF CIVIL ENGINEERS.

*

Mr John H.A. Precter has become a director of C.E.HEATH (AVIATION REINSURANCE BROKING) and **Mr Reginald B. Hudson** joins on December 1 as an associate director.

FT LAW REPORTS

Trust payment is outside tax period

BRAY (INSPECTOR OF TAXES) v BEST.

Court of Appeal (Lord Justice May, Lord Justice Balcombe and Lord Justice Woolf): October 30 1987.

A CAPITAL sum paid to an employee on final distribution of a staff trust fund is an emolument from his employment, but is not taxable as such for any chargeable period if the employment which was the source of the payment ceased before the fiscal year in which it was made.

The Court of Appeal so held when allowing an appeal by Mr Peter Morris Best from Mr Justice Walton's decision (*[1986] 1 FTLR 402*) that sums paid to him on final allocation of a trust fund were taxable as emoluments for a chargeable period.

Section 181(1) of the Income and Corporation Taxes Act 1970 provides that tax under Schedule E "... shall be charged in respect of any... employment on emoluments... for the chargeable period..."

Section 183(1) defines "emoluments" as including "all salaries, fees, perquisites and profits whatsoever."

LORD JUSTICE MAY said Mr Best was employed from fiscal year 1958/59 to fiscal year 1978/79 by A Gallenkamp & Co.

On April 1 1979, he and all other employees transferred to the employ of its parent company. Two trusts for the benefit of Gallenkamp employees were wound up and the assets were distributed.

The trustees' resolutions allocating specific sums to eligible employees were not made until December 21 1979. In fiscal year 1979/80, Mr Best became entitled to sums totalling £18,111 as his part of the trust funds.

The Revenue took the view that the sums were emoluments of his employment under section 181 of the Income and Corporation Taxes Act 1970, to which no special relief was attached. It made 21 assessments to income tax for the fiscal years 1958/59 to 1978/79.

On Mr Best's appeal the Special Commissioner held that the monies were emoluments from his employment, but that they could not be attributed to any of the employment years from 1958 to 1979. It followed that there was no chargeable period.

The Revenue appealed. Mr Justice Walton allowed the appeal. He said that if money was paid for service as an employee, it must be paid for some definable period of service, or be regarded as spread over the whole period of service.

Mr Best now appealed, seeking to have the Special Commissioner's order reinstated.

The Special Commissioner relied on the "source" doctrine - see *Whiteman and Wheatcroft on Income Tax 2nd Ed para 1-28*: "... if a taxpayer ceased to possess a particular source of income he would not be taxed on delayed receipts from that source unless these were referable to, and could be assessed in respect of a period during which he possessed the source."

Counsel for the Revenue submitted before the judge and on the appeal that an emolument which was a reward for services was an emolument for the period during which the services were rendered.

In *Hunter v Dewhurst 16 TC 605* the Court of Appeal held that lump sums paid to two retiring directors, equivalent to the total of their salaries over the preceding five years, could not be spread over the five-year period but formed part of their salaries for their last year of office.

With regard to a third director, the facts of whose case were different from those of the other two, the House of Lords held that sums he received were compensation for loss of office, not income assessable to tax.

The difference was as between compensation for loss of office, and an emolument from employment. No view was expressed in the House of Lords about the validity of the Court of Appeal view that the emolument could not be spread over the five-year period.

The Court of Appeal judgments on that point were part of the *ratio* of its decision and were at least persuasive on the present court.

In *Brumby v Milner (1976) 51 TC 583* the House of Lords decided that payments made on determination of a trust for employees arose from the recipients' employment and nothing else. There was no suggestion that the amount received should be spread over years of service. The taxpayer was assessed for only one year, namely the year of receipt, at a time when his employment was still in existence.

In that case there was a source to which payment and receipt could be related. There was a substantial difference in the facts of the present case, where the monies were received in the distribution year, after Mr Best's employment had ceased.

That an emolument from employment was not necessarily one for service or services was shown by the decision in *Hamblett v Godfrey (1987) STC 60*, where payment to employees for relinquishing trade union membership was held to be an emolument from employment.

Mr Justice Walton's conclusion that an emolument from an employment must of necessity and as a matter of law be attributed to a period of that employment was erroneous.

The year or years of assessment to which to attribute such an emolument was a question of fact to be decided in the circumstances of the particular case.

From the very nature of an emolument for employment it might well be that, in most cases, it had indeed to be attributed to a particular year or years of employment. But that did not necessarily follow.

In the present case, the Special Commissioner had in effect made a finding that receipt of the relevant monies was attributable to the distribution year but, as Mr Best was not then employed, there was no source for that year and no liability to tax.

That finding could not be disturbed. It accorded with commonsense. *Prima facie* a receipt of an emolument was assessable in the year it was received, unless grounds for attributing it to a specific previous period or periods existed. None existed in the present case.

The correctness of the Special Commissioner's decision could perhaps be tested by asking how any apportionment would be made if it had to be made.

The process would be very difficult. On the evidence, the trustees had to assess the amounts to be paid to each recipient on the basis of their informed assessemnt of a fair distribution, not on strict arithmetical grounds.

That was so despite the fact that they had obtained several computer printouts showing the effect of applying various formulae to ascertainable factors, such as length of service or seniority.

If the trustees themselves acted so, it would be impossible to attribute the monies on any rational basis.

The appeal should be allowed.

LORD JUSTICE BALCOMBE, agreeing, said that the payment, in so far as it was for services, was for services generally with no particular connection with any specific services or period.

A payment which was wholly or partly for services generally should be attributed to the year in which it was paid, unless there was material which enabled one to say that it should be attributed to some other period.

If the £18,111 were to be apportioned, it should be possible for the court to state the principles of apportionment for the guidance of the Special Commissioner.

That was impossible in the light of the Special Commissioner's finding as to the basis on which the trustees of the funds arrrived at their decision.

LORD JUSTICE WOOLF, agreeing, said it was important to adopt the *prima facie* approach that an emolument was assessable for the year in which it was received, unless there were grounds for attributing it to some other period.

Payments to a past employee could be chargeable under section 187 of the Act which applied to "any payment" not otherwise chargeable to tax, made in connection with the termination of employment.

If the Revenue's approach were correct, it was difficult to identify any scope for the source doctrine, the existence of which was not disputed. Furthermore, there would have to be some method by which the emolument could be attributed to an earlier chargeable period or periods during which the employment still existed. The task would not merely be difficult, but would be completely haphazard.

The appeal was allowed.

For Mr Best: Andrew Park QC and Richard Bramwell (Asshetons).

For the Revenue: Charles Potter QC and Michael Hart QC (Inland Revenue Solicitor).

By Rachel Davies
Barrister

Still a long way from perfection

Clive Wolman assesses how City firms have reshaped their practices as a result of Big Bang

ONE OF the few aspects of last month's collapse of world stock markets which affords some comfort to City regulatorswas how little money the UK securities houses lost.

Barclays de Zoete Wedd probably suffered the largest losses, of about £20m, in the first two days. But even that sum was modest in comparison with the capital and ordinary trading profits of BZW.

One of the doomsters' most frequent pre-Big Bang predictions was that all the stockbroking firms and banks going into market-making would quickly be fleeced and forced to withdraw as a result of massive trading losses. And even the doomsters failed to foresee a crash on last month's scale.

The confidence in the creditworthiness of the market-makers reflects well on the strictness of the trading limits and monitoring imposed by their new owners, and on their owners' willingness to top up their capital to meet the Stock Exchange's liquidity requirements. However, such successes conceal the inadequacies and lack of sophistication in the financial controls and management information systems of most UK securities firms.

In the run-up to Big Bang, although most firms lavished money on information delivery and support systems for their dealers, typically £15,000 to £40,000 per desk, they spent little on risk management systems. As a result many of those systems have three major weaknesses.

The first is that, while avoiding the risks of spectacular losses, they often fail to pick up all the smaller, more routine risks of the newer and more complex financial instruments and trading strategies.

Simon Haslam of the Spicer and Pegler accounting and management consultancy firm tells of one client that lost £2m from holding what it thought was a fully hedged and risk-free trading position using shares and options.

But the most serious failing in the system was that no one in the firm became aware of the losses until they were discovered several months later by the auditors.

Another example revealed last week was of a £1m debt run up by a young private client of County Natwest Securities who was writing put options on the stock market index just before the collapse.

The second criticism is that the controls on traders taking positions are often arbitrary and crude. For example, trading positions are often only assessed at the end of the day rather than hour by hour, let alone minute by minute. Few systems also allow traders to go over their limits to carry out a deal with sufficiently wide profit margins, except by seeking special permission.

Another failing is that most banks do not attempt to aggregate their total risks exposures

PART FOUR: CONTROL SYSTEMS

in their different divisions and regions around the world. For example, Midland Bank has two subsidiaries that trade German equities, Greenwell Montagu Securities in London and Trinkaus and Burkhardt in Dusseldorf.

But the absence of a central monitoring system means that the positions of the two banks in any stock cannot be aggregated or offset against each other. The result is that the market-makers in the two firms are subjected to much tighter than necessary limits on how many shares they can buy or sell. By contrast, the successful gilts and treasury department of Midland/Greenwell operates financial controls on a centralised and integrated basis.

Mark Austen, who heads the financial services consultancy of Price Waterhouse, believes that, as a result, UK banks are foregoing profit opportunities. Traders become demotivated by the heavy-handed controls and do nothing more imaginative than take small long or short positions.

A study by Coopers and Lybrand shows that, at least in the foreign exchange market, such position-taking by large banks has negative or at best zero returns. In the UK equity market, similar competitive pressures towards zero returns have been concealed by the upsurge in prices during the first 11 post-Big Bang months and the natural propensity of traders to run long rather than short positions.

The prospect of having to seek special clearance to breach a position limit deters traders from fully exploiting the more genuine profit opportunities which may arise from a pricing anomaly or a large offer of shares.

The advantages of a lighter touch are shown by the unmatched degree of autonomy given to James Capel by its owner, the Hongkong and Shanghai Bank. This has allowed it to become the market leader in buying large tranches and portfolios of shares from customers and reselling them profitably.

The ultimate form of risk management would be a global minute-by-minute monitoring system of all positions taken by the different sections of a bank.

No bank, it is thought, has such a system at present, although Aram Shishmaniam of Arthur Andersen management consultants, says that his firm is developing one for a UK bank which will monitor trading and settlements in bonds, currencies and equities.

The system is due to come on stream in phases during next year. Some of the large US commercial banks, in particular Citicorp, Bankers Trust and Chase Manhattan, are developing similar capabilities.

Ironically, the other type of control system that appears to work well is at the opposite end of the technological spectrum. The leading UK equity market-maker, Smith New Court, sets no position limits for its traders

and eschews computer monitoring.

Instead its directors spend most of their working days on the trading floor watching everyone's positions, pooling information and shouting instructions as prices change.

It is the inability of most securities firms to identify profitable and loss-making activities that forms the third and most serious criticism of their financial controls and management information systems. According to Angus Hislop of Coopers and Lybrand: "When we have brought in people from outside the industry, they have always been shocked by the poor level of controls. The directors rarely know where they are making their money because they have difficulties in allocating costs and revenues."

These difficulties are partly conceptual. For example, how should costs and revenues be allocated when an institutional investor "pays" a securities firm for its research notes and recommendations on, say, construction companies by giving it a flow of commission-free deals plus a small amount of commission on deals in non-construction stocks? These difficulties arise because firms have not taken advantage of the ending of the fixed commissions cartel to unbundle their services and charges.

A more serious obstacle is that attempts to allocate revenues and costs become highly contentious and politicised, particularly when an employee's bonus is determined partly by the assessed profit contribution of his unit.

According to Hislop: "Many firms have not tried to work out exactly where their money has come from, because people get so uptight. They say, 'if you are making money, why contemplate your navel?' But in the Eurobond market all that changed when they started making losses. Then you have to decide what parts to cut."

Despite the criticisms, most former stockbroking firms agree that they would have been in a much weaker position - and less able to take risks - without the imposition of risk management and strict financial and budgetary controls by their new owners.

For example, these are some of the controls that Chase Manhattan has imposed on the two stockbroking firms it acquired and merged, Simon and Coates and Laurie Milbank: daily reporting of profits and losses, annual and monthly budgets which cover everything down to travel and entertainment, counterparty limits, credit limits and position risk limits.

According to Peter Stevens, the former senior partner of Laurie Milbank and now a director of the merged firm: "All these controls were considered terrible paraphernalia. People thought that their style was being cramped. But we had to integrate into a more structured environment. We're quite pleased that we went through this process, but there are always some people who are so dyed in the wool that they cannot change their style whatever happens."

Citicorp, too, injected a dose of realism into the strategic planning and budgeting at its UK securities subsidiary, Citicorp Scrimgeour Vickers. "They told us to scale down our projections for the next five years," says John Hewitt, managing director. "They said they were prepared to take a five to ten year view before we get an adequate return on capital."

By contrast, Schroder Securities, with severely restricted access to capital and no injection of commercial bank-style budgetary and risk management, has adopted such a limited low-risk stance in the UK equity market that its presence is barely noticed.

Apart from tough-minded parents, another source of financial controls on securities firms is now emerging, as the Financial Services Act takes effect.

Attitudes towards the Act are mixed. County Natwest and some European banks have complained loudly about the complexity of the new regulations.

But most leading securities firms, such as BZW, Kleinwort Grieveson, Morgan Grenfell and Phillips and Drew, believe that the compliance costs are reasonable.

Several firms admit that the sophisticated capital adequacy rules of the Securities and Investments Board provide a superior method of controlling financial risks than the methods they were previously using.

Peter Quinnen, managing director of James Capel, welcomes the discipline imposed by the Act. "It will be a good thing for our internal policing. It helps us to focus on the administrative side rather than the productive side, which is important because we do not have a parent that requires to know how many times we have sneezed."

This article concludes this series; previous articles appeared on November 3, 4 and 5.

'Real bankers don't manage'

Christopher Lorenz reports on an identity crisis in the US investment industry

ARE THE LEADING investment banks on Wall Street any better at managing themselves than their counterparts (and offshoots) in London? And will they necessarily be more successful at confronting Japanese competition?

Not if a remarkably frank bevy of senior Wall Street bankers is to be believed.

"We've made dramatically bad business administration decisions - we continue to head in a sheep-like way for the most popular areas of business," Steve Friedman, a partner at Goldman Sachs, told a strategy conference in Boston last month.

"There's chaos throughout the system - everyone's having a bit of an identity crisis, rather like America's steel companies did a few years ago," concurred Bruce Wasserstein, managing director of First Boston. For one thing, "everyone has the wrong computer systems." More fundamentally, most firms had entered such a wide range of businesses that they now run the risk of "incurring all the overhead without securing a sufficient return from concentration in key areas."

As for the Japanese threat, Peter Solomon, vice-chairman of Shearson Lehman, declared that the only distinctive competence his firm possessed against the mighty Nomura Securities "is that we speak English." To which Friedman added that "anything Nomura can turn into a commodity, they will. Their entry into high margin businesses is frightening."

Friedman's litany of all-round management ills in US investment banking shook his audience at the seventh annual conference of the Strategic Management Society, an international association of business executives, consultants and academics.

For a start, said Friedman, the management process itself is not highly valued. "No-one in investment banking went into it intending to be a manager. Management was something that real men didn't do." Top salesmen had become managers only because they wanted the extra prestige.

Firms had not had time to build the layers of leadership necessary to sustain their fast rate of expansion. "The business graduates who've poured in haven't had a chance to prove themselves."

Other ills included:

- A lack of communication between traders and the technology experts responsible for designing information systems.
- The industry's "prima donna workforce" enjoyed "an unsustainable compensation structure. Yet no-one is able to change it."
- The industry did not really know what its variable costs were.

Superimposed on all these problems, said Friedman, had been intense pressure to internationalise, for example "by competing with hordes of other lemmings in the London gilts market."

The development of firms into "global players" operating in New York, Tokyo and London had created a further set of difficulties.

Matrix management had been taken "to its furthest extreme." For instance, it was unclear whether government bond dealers in London reported to London or New York.

New products now tended to appear overnight, requiring interdependent operation between widely dispersed parts of the organisation. "So we need a flexible culture of a kind that exists in no other business."

US investment banks were no longer just facing competitors with similar structures and risk-reward ratios. Instead, they now had a wide-ranging set of very different competitors: the Japanese; European universal banks; and even non-banks. Many of these challengers were busily transforming previous niche banking businesses into standard commodities.

Also, the established cultures of some investment banks were no longer appropriate. "But how do you change a culture?"

Injecting the only note of optimism into the debate, Solomon of Shearson claimed that "this industry is materially better managed than it was five years ago." Yet some firms now needed to slim in order to regain their lost vitality - hence the swingeing staff cuts which Salomon Brothers announced last month. For some reason, Solomon was too modest to cite Shearson's own autumn slimming exercises in similar vein.


CINZANO
Tip Top
Quite a cocktail of famous names, isn't it?
From the internationally successful and well established J & B Rare Scotch Whisky to the equally successful, innovative and fashionable Malibu.
J & B is the world's second largest selling whisky.
Malibu has rapidly expanded from a tiny test market in 1980 into 100 countries with over a million cases sold in 1986. Consumer research highlighted its potential. IDV's marketing expertise linked with Grand Metropolitan's financial muscle allowed it to prove that potential, quickly.
Then there's Black Velvet, Croft Original, Gilbey's Gin, Piat d'Or and of course Smirnoff; the world's biggest selling vodka with 168 million bottles sold every year.
If you take the top off any of its drinks brands, including a relative newcomer like the outstandingly successful Bailey's Original Irish Cream, you'll find out a lot about Grand Metropolitan.
Because Grand Metropolitan never just acquires a business; it makes it better.
Grand Metropolitan is now one of the UK's largest, most broadly based international companies. Its strengths are Specialist Retailing, Drinks, Food and Hotels & Gaming. By building on these strengths it is succeeding in more countries and with more customers.
And it is still growing rapidly.
Which isn't surprising. Its philosophy is, after all, to develop and add value to all its brands, businesses and properties.
It's working. The rewards are just pouring in.
GRAND METROPOLITAN
....adding value

TECHNOLOGY: Computing

Blue collars move softly to the fore

How the software industry is finding that the customer is always right

John Imlay, president of MSA: "I cannot even imagine a hostile takeover."

JOHN IMLAY, president and chief executive officer of Management Science America, the largest vendor of packaged mainframe application software, uses the collar test to distinguish different kinds of manufacturing software.

"The back office uses white-collar software - bill of materials and materials resource processing. On the shop floor you find blue-collar software collecting data and controlling the manufacturing process."

"Open-collar software is part of the drawing office - computer aided design and computer aided engineering. Robots on the shop floor are controlled by steel-collar software. Button-down software, of course, runs the company."

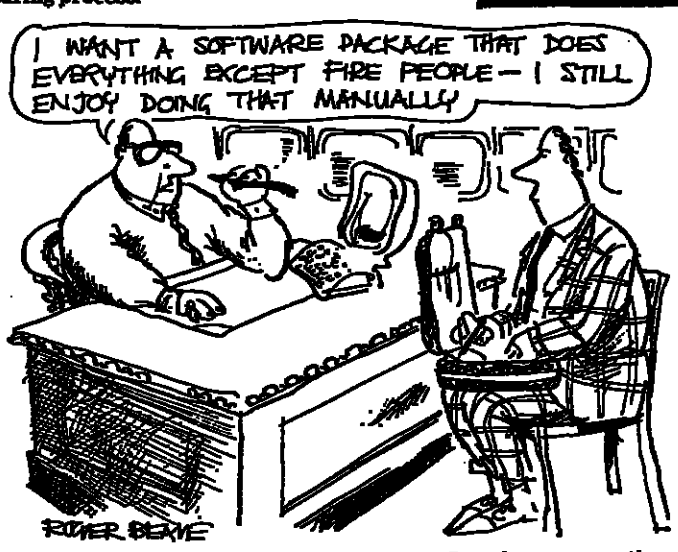
Imlay may not be too serious about his definitions but he is serious about manufacturing software, which he sees as one of the principal growth areas in packaged software over the next few years.

Traditionally a vendor of mainframe-based accountancy packages for large companies - general ledger, bought ledger and so on - MSA is now in the latter stages of digesting Comserve, a recently-acquired company specialising in manufacturing software. It specialises in the kind of back office software Imlay would define as "white collar".

He is not alone in believing that manufacturing is a potentially profitable area. One of his main rivals in accountancy software, McCormack & Dodge, is following a similar strategy, as has Cullinet, a systems software vendor.

Manufacturing programs will be a principal area of growth

It is at least in part a reaction to relative saturation in these companies' traditional markets of accounting and human resources. Robert Therrien, a respected software analyst with New York stockbroker PaineWebber, noted recently: "We foresee future pressure on margins, high volatility and increasing competition in this segment."



"MSA, McCormack & Dodge and a couple of smaller players continue to fight over the few sites which do buy each year, having refocussed their efforts at wooing new customers with vertically integrated strategies, and their installed bases with product extensions and upgrades."

Therrien explains that software vendors' profits are hard hit when their market segment saturates, able to sustain their revenues only through selling maintenance at about 15 per cent of the cost of the package or add-on modules.

So MSA is in transition. Only a few years ago it was the undisputed leader among independent software vendors, but now it has been relegated to fourth place (it will turn over about $250m this year), first by the dramatic growth of Lotus, which markets the best-selling spreadsheet 1-2-3, and Microsoft, designer of micro operating system to IBM, and by the merger of Computer Associates and Uccel, both specialists in IBM mainframe software.

It is no longer in microcomputer software. Its purchase of the microcomputer company Peachtree failed because its cost structures were ill-equipped to deal with selling to small companies a product with a steadily deteriorating price.

It does offer the kind of software which makes it possible to use microcomputers in a mainframe environment - or to use mainframes as if they were micros. Its fourth generation language "Information Expert" makes it easy for its users to design mainframe reports as if they were sitting at a personal computer. Costing between $30,000 and $100,000 it gives the mainframe the look and feel of a micro.

So what trends does Imlay see in the industry?

The major change he identifies is the growth of "user power": "The end user (business executives rather than data processing staff) has become much more dominant. In my most recent tour of Europe and the US, I have found that it is end users who are coming to presentations now rather than data processing professionals."

"They got their strength and independence from the personal computer. Now they are looking seriously at software," says Imlay.

He also sees powerful significance in IBM's new strength in the market place, attaching particular importance to its Systems Applications Architecture (SAA) and its increasing domination of the database area with DB2.

Cullinet, which had ruled the roost in mainfrane database software, was "devastated" by DB2. Therrien of PaineWebber says: "Cullinet's diversification into software for manufacturers saved its neck in 1985 and 1986."

Imlay believes that the fall in share prices will put a temporary stop to the frenetic round of mergers and acquisitions in the software and services business. He thinks that because of the individual nature of the software business, large companies bargain hunting are not a threat: "They have to consider what they are buying. I cannot even imagine a hostile takeover."

A powerful significance is seen in IBM's new market strength

BY ALAN CANE

Window on the world of electronic data

Easier access to major databases should help boost the use of such information services by European companies

NORTH AMERICAN companies make five times as much use of on-line databases (electronic information sources) as European ones and the chief reason seems to be greater ease of access.

Istel, formerly the information technology arm of the Rover Group which was bought out by its management some months ago, aims to redress the balance in the UK with a service it calls "Infosearch".

It is basically a simple, moderately-priced common window on the world's major electronic databases which allows information to be sought and identified without complex operating procedures.

There are some 2,000 on-line databases companies offering information for sale in the US and some 1,000 in Europe. Examples include Profile, formerly Datasolve World Reporter, which the Financial Times bought two weeks ago from Thorn EMI.

US examples are Dialog, ADP Network Services, BRS, Datastar and Newsnet.

Customers have a number of objections to making greater use of these high-speed information sources. They claim that access is too difficult, especially for the untrained and that they have to learn a different set of commands for each database. They also object to a multiplicity of charges and billings, one for each service.

Istel is attempting to make matters easier by linking together two facilities: its own data network, Infotrac, with some 68 access points in locations throughout the UK, and Telebase, a US service based on artificial intelligence methods.

At its simplest, Infosearch offers a single telephone number a user can call to gain access to databases resident on the Infotrac network. When the service is launched on December 1, there will be four - Profile, Infocheck, a fast growing credit checking company, Dialog and Jordans.

Experienced users will be connected to the database of their choice via the Infotrac network where they can search the electronic files using the conventional procedures they know and understand.

Inexperienced users, however, or those who do not know on which database the information they are seeking resides, can ask the system to make the choice for them.

In this case, the customer is switched through to the Telebase computers in Philadelphia. Here an expert system sets up a series of questions designed to elucidate what kind of information the customer wants and where it is likely to be found.

Customers can, of course, simply ask for a database of their choice. But whether the customer chooses the database or the system makes the choice, the search procedures are common for all databases, eliminating the need to learn separate query languages for each.

Istel seems to be meeting a powerfully felt need in the UK. It sent a test mailing to some 700 companies of which 70 signed up in the first week.

Costs for the service are similar to those charged by individual on-line database companies. A credit search through Infocheck costs £10 per report, for example.

Searching through the Profile database costs £1.33 per minute of connection. There is a one-time charge of £100 for each user password issued.

All the customer needs to gain access to the network is a personal computer or terminal fitted with a modem.

Why cabling is for live-wire managers

The day of stand-alone personal computers is well-nigh over. Modern business needs will be best met by networked system.

THE CABLING of offices has traditionally fallen to the building services department; senior management has not felt the need to become involved with what seems essentially to be a mundane, non-strategic, activity.

The advent of the "intelligent building" and information technology is changing this perception, although not as fast as specialists in information technology would like.

They agree that the day of the stand-alone personal computer is well-nigh over and that modern business needs will be met best by networks of workstations tied together into single information processing systems.

The problem is that networking is such a new concept for most businesses that there is no readily available source of advice and guidance, either for choice of networking philosophy or method of cabling. (There may seem to be a large intellectual difference between deciding on a networking philosophy and deciding how to run a few kilometres of copper or fibre optic cable through a building, but the two questions are intimately related.)

And, as Jeremy Bent of BICC Data Networks discovered when he carried out a market survey of some 50 leading companies, senior managers are both abysmally ignorant and unconcerned about the implications of implementing data networks.

His findings confirm the views of established networking and cabling authorities like Eosys, the office systems consultancy, and Roger Camrass of the Butler Cox group.

The facts are, first, that there is a complete lack of perception of the cost of cabling a building for modern networking in most companies.

Bent reckons that in a new building, properly designed for networking, Cabling costs for each terminal or personal computer can run to about £80.

The same network installed in an old building in, say, the City of London, can cost £480 per terminal. The difference in cost where a network of several hundred or thousand terminals is to be installed will be huge.

Among the horrors networking companies come upon when recabling old buildings are conduits already filled to overflowing with unmarked cables and vertical and horizontal conduits so badly matched that cables cannot be threaded through them. It all sounds thoroughly pedestrian, but it can prove unexpectedly expensive both in time and money.

Second, there is little practical experience of networking, even using systems such as IBM's "token ring". The token ring is a technology IBM has adopted for networking personal computers together in local areas but it has yet to deliver its token ring products in volume. Customers talk of installing large token ring networks, but the largest Bent has been able to trace in Europe has only 30 nodes or terminal connection points.

Today, BICC is holding in London the first of four sessions, to be called the "Information Exchange", at which the problems of networking and cabling will be explored before an invited audience.

The speakers will include Camrass of Butler Cox, David Honey of Deloittes, Brian Amey of Electrical Installations and Don Roworth of BICC.

David Firnberg, managing director of Eosys, has promised practical guidance in the form of management consultancy to companies attending the second session early next year.

The idea is to keep the sessions small and informal without (BICC excepted) vendors present. Companies interested in sharing their views and experience can contact Jeremy Bent on 0442 231000.

Legal Notice

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION
No. 005985 of 1987
IN THE MATTER OF FRAM EUROPE LIMITED
and
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 15th October 1987 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named company from £4,000,000 to £2,000,000.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Peter Gibson at the Royal Courts of Justice, Strand, London WC2A 2LL, on Monday the 16th day of November 1987.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated this 3rd day of November 1987.

Lovell, White & King
21 Holborn Viaduct,
London EC1A 2DY.

No. 004747 of 1987
IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION
IN THE MATTER OF TIP-EUROPE LIMITED
AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice Chancery Division dated 13th October 1987 confirming the reduction of the Share Premium Account of the above-named Company by £12,969,000 was registered by the Registrar of Companies on 16th October 1987.

Dated this 2nd day of November, 1987

Clifford Chance
Blackfriars House
19 New Bridge Street
LONDON EC4V 6BY
Solicitors for the above-named Company

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION
Mr Registrar John Bradburn
Friday the 9th day of October, 1987
IN THE MATTER of G. R. (HOLDINGS) plc
AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 9th October, 1987 confirming the reduction of the capital of the above named Company from £3,000,000 to £2,950,000 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 20th October, 1987.

Dated this 22nd day of October 1987.

Jaques & Lewis,
2, South Square,
Gray's Inn,
London WC1R 5HR.
Solicitors for the above named Company.

Personal

DG BANK
Deutsche Genossenschaftsbank
LONDON BRANCH

A memorial service for Pat Harvey will be held on Monday, November 9th, at St. Mary-le-Bow, Cheapside, EC2, at 11.45 a.m. All friends and business colleagues most welcome.

Contracts and Tenders

TENDER NOTICE

MALAWI

FERTILIZER—SMALLHOLDER REQUIREMENTS 1988/89 SEASON

The Government of the Republic of Malawi and Agricultural Development and Marketing Corporation have a Fertilizer Revolving Fund held with Reserve Bank of Malawi. The International Fund for Agricultural Development (IFAD) and International Development Association (IDA) have contributed to the Fertilizer Revolving Fund. The Fertilizer Revolving Fund will be utilised exclusively for the procurement of fertilizer for the Malawi Smallholder Sector's 1988-89 season requirements.

Tendering procedures will be in accordance with IFAD and IDA procurement guidelines:

Brief details of the fertilizer required are as follows:—

- Between 10,000 and up to 20,000 metric tonnes NPK compound 23:23:0.
- Between 15,000 and up to 25,000 metric tonnes calcium ammonium nitrate.
- Between 10,000 and up to 15,000 metric tonnes urea.
- Between 5,000 and up to 10,000 metric tonnes D.A.P.
- Between 5,000 and up to 10,000 metric tonnes of sulphate of ammonia.

The closing date of the tender is 8th December 1987 and Tender documents may be obtained by any interested bidders from the address below:

V MALAWI FINANCE COMPANY LTD.,
ROMAN HOUSE,
WOOD STREET,
LONDON,
EC2Y 5BP.

Legal Notice

IN THE MATTER OF KRATON ENGINEERING LIMITED
AND IN THE MATTER OF THE CYPRUS COMPANIES LAW CAP 113

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company which is being voluntarily wound up are required on or before the 7th day of December 1987 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to the undersigned Mr. Antony Hajiroussos, FCCA, of Julia House, 3 Themistocles Dervis Street, P.O. Box 1612, Nicosia, Cyprus, the Liquidator of the said Company, and if so required by notice in writing from the said Liquidator, are, personally or by their solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 6th day of November 1987.

A. HAJIROUSSOS, FCCA,
Liquidator.

IN THE MATTER OF ARCON (ADMINISTRATORS AND CONSULTANTS) LIMITED
AND IN THE MATTER OF THE CYPRUS COMPANIES LAW CAP 113

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company which is being voluntarily wound up are required on or before the 7th day of December 1987 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to the undersigned Mr. Antony Hajiroussos, FCCA, of Julia House, 3 Themistocles Dervis Street, P.O. Box 1612, Nicosia, Cyprus, the Liquidator of the said Company, and if so required by notice in writing from the said Liquidator, are, personally or by their solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 6th day of November 1987.

A. HAJIROUSSOS, FCCA,
Liquidator.

NOTICE TO COMPANY OF APPOINTMENT OF JOINT ADMINISTRATIVE RECEIVERS PURSUANT TO SECTION 46(1)(a) OF THE INSOLVENCY ACT 1986
Company Number: 814344
ALEXANDER ESPLEN & CO LIMITED

We Cyril Walter Nield and Robert Edward Caunce Cook of St James's House, Charlotte Street, Manchester M1 4DZ hereby give notice that on the 23rd day of October 1987 we were appointed joint administrative receivers of the above named company by Lloyds Bank plc under the terms of a debenture dated 30th December 1981 giving the holders a fixed and floating charge over the assets of the company.

CYRIL WALTER NIELD
ROBERT EDWARD CAUNCE COOK

Company Notices

EUROPEAN ECONOMIC COMMUNITY (EEC)
11% ECU Bonds due 1993

Numerical list

1) of the series including the 6,250 bonds drawn by lot and making up the entire Ecu6,250,000 nominal amount to be redeemed on December 14, 1987

From No. 27781 to 34030 incl

2) of the series previously drawn by lot and repayable on December 14, 1986

From No. 39641 to 45890 incl

Each of these bonds is repayable at Ecu1,000 at the offices of the following banks:

Banque Bruxelles Lambert S.A./Bank Brussel Lambert N.V., Brussels; Banque Internationale à Luxembourg S.A., Luxembourg; Sparekassen SDS, Copenhagen

BANQUE BRUXELLES LAMBERT S.A./
BANK BRUSSEL LAMBERT N.V.
Fiscal Agent

CYDSA S.A.
FLOATING RATE NOTES
DUE 1988-1991

NOTICE IS HEREBY GIVEN that for the Interest Period commencing November 9th, 1987, the notes will bear interest at the rate of 9 1/16% per annum. The interest payable on February 9th, 1988 against Coupon No. 13 will be US$22.907986 per US$1,000 nominal.

Agent Bank
ORION ROYAL BANK LTD.

Art Galleries

30th KENSINGTON ANTIQUES FAIR, New Town Hall, Hornton Street, London W8. Today and until Sunday 8th November, 11 - 8 daily. Final Day 12 - 6. Tel: 01 9370663 (to be inserted Wednesday 4th, Thursday 5th, and Friday 6th November)

Arts Week

F	S	Su	M	Tu	W	Th
6	7	8	9	10	11	12

Music

LONDON

BBC Philharmonic Orchestra conducted by Luciano Berio with Sabine Meyer, clarinet, and Katia and Marielle Labeque, pianos. Haydn, Brahms and Berio. Barbican Hall (Mon) (638 8891).

Melos Quartet. Beethoven, Wigmore Hall (Mon) (935 2141)

City of London Sinfonia conducted by Richad Hickox with Fou Ts'ong, piano. Handel and Mozart. Barbican Hall (Wed).

Melos Quartet. Beethoven, Wigmore Hall (Wed)

London Symphony Orchestra conducted by Claudio Abbado with Alexis Weissenberg, piano. Ravel and Prokofiev. Barbican Hall (Thur).

PARIS

Paata Burchuladze recital, Ljumila Ivanova, piano: Rachmaninov, Mussorgsky (Mon). Theatre de l'Athenee (47426727).

Colonne Choir and Orchestra conducted by Michel Corboz: Mendelssohn's Elijah (Mon). Trinity Church (42334444).

Ensemble Orchestral de Paris with Anne Queffelec, Piano: Ravel, Roussel, Chausson (Tue). Salle Gaveau (45633030).

Elisabeth Brasseur Choir performs Brahms' German Requiem with Orchestre Francais d'Oratorio conducted by JeanPierre Lore (Tue 8.30 PM, Wed 5.30PM) Saint Roch Church (42619328).

Elisabeth Chojnacka, Harpsichord: Bach, Horowitz, Ligeti, Xenakis (Tue, Thur 6.30 PM). Theatre de la Ville (42742277).

Orchestre de Paris conducted by Daniel Barenboim, Itzhak Perlman, violin: Mendelssohn, Scriabin (Wed, Thur). Salle Pleyel (45630796).

Orchestre National de France conducted by Neville Marriner: Cherubini, Mozart, Haydn (Thur). Theatre des Champs Elysees (47203637)

USSR State Symphony Orchestra conducted by Yevgenni Svetlanov, Loubov Timofeyeva, piano: Rachmaninov, Glazunov, Tchaikovsky (Mon). TMP Chatelet (42334444).

NETHERLANDS

Concertgebouw Orchestra conducted by Gerd Albrecht, with Beatrice Haldas, soprano: Hindemith, Berg, Henze (Thur). Amsterdam, Concertgebouw. (71 83 45)

The Colorado Quartet performs Haydn, Laderman, Dvorak (Tue). The Touring Ensemble under Christian Bor: Mozart, Shostakovich, *Dvorak (Thur). Utrecht*, Vredenburg. Recital Hall (31 45 44)

Netherlands Chamber Orchestra conducted by Gustav Leonhardt Netherlands Chamber Choir, with Bob van Asperen, harpsichord: Sweelinck, Huygens and their contemporaries (Thur). Rotterdam, Doelen. Recital Hall (413 24 90).

NEW YORK

London Philharmonic, Klaus Tennstedt conducting. Mozart, Mahler (Tue); Vladimir Feltsman piano recital. First public appearance in the US since leaving the Soviet Union. Carnegie Hall:(247 7800)

New York Philharmonic. Erich Leinsdorf conducting. Schubert, Messiaen, Schumann (Wed). Lorne Munroe 'cello, Britten, Walton, Debussy (Tue); Kent Nagano conduct*ing*, Bella Davidovich *piano*. George Benjamin, Chopin, Bartok (Thur). Lincoln Center (Avery Fisher Hall) (874 2424)

Waverly Consort (Alice Tully): Lully, Lambert, Delalande, Couperin (Thur). Lincoln Center (362 1911).

WASHINGTON

National Symphony (Concert Hall), Rafael Fruhbeck de Burgos conducting, Janice Taylor mezzo soprano with Choral Arts Society of Washington directed by Norman Scribner. All Brahms programme (Tue); Lorin Maazel conducting. All Hindemith programme (Thur). Kennedy Center (254 3776)

CHICAGO

Chicago Symphony (Orchestra Hall), Leonard Slatkin conducting. William Powers baritone with Chicago Symphony Chorus Barber, Hanson, W. Schuman (Thur). (485 8111).

TOKYO

New Japan Philharmonic Orchestra conducted by Seiji Ozawa. Verdi, Ravel Tokyo Bunka Kaikan (Mon) (499 531).

Orchestre de la Suisse Romande, conducted by Armin Jordan, with Martha Argerich, piano. All Ravel programme. Hitomi Memorial Hall, Showa Women's College, Sangenjaya. (Mon) (573 3588).

Alban Berg Quartet. All Beethoven. Suntory Hall. (Tue). (505 1010).

Japan Philharmonic Symphony Orchestra, conductor, Hartmut Haenchen, with Yukino Fujiwara, piano Mozart, Chopin, Beethoven. Kan i Hoken Hall, U Port, Gotanda. (Tue) (237 9990).

Tokyo Metropolitan Symphony Orchestra conducted by Adam Fischer; piano, Pascal Devoyon. Mozart, Liszt. Tokyo Bunka Kaikan. (Wed) (822 0727).

Gidon Kremer, violin with Martha Argerich, piano. Schumann, Bartok, Franck, Suntory Hall. (Wed) (573 3588).

Opera and ballet

PARIS

London Festival Ballet at the The*atre des Champs Elysees* (4720363)

Houston Grand Opera with Sherwin M. Goldman, Porgy and Bess at the TMP Chatelet (42334444).

WEST GERMANY

Berlin Deutsche Oper. Alvin Alley American Dance Theatre. (34381)

Hamburg Staatsoper. Don Pasquale, produced by Franz Marijnen will have its premiere this week, the cast, including Paolo Montarsolo, Urban Malmberg, Hellen Kwon and Kurt Streit. Zar und Zimmermann, is also in the repertory and The Nutcracker, choreographed by John Neumeier, is revived with Jessica Funt, Jeffrey Kirk and Stefanie Arndt. (351151).

Frankfurt Opera. Cosi fan tutte, produced by Graham Vick and conducted by Gary Bertini. In the main parts are Margaret Marshall, Diana Montague, Olaf Bar, Hans Peter Blochwitz, Tom Krause and Mitsuko Shirai. Gluck's rarely played Iphigenie in Auris and Iphigenie auf Tauris round off the programme. (25621).

Cologne Opera. Die Meistersinger von Nurnberg, with Nadine Secunde, Theo Adam, Matthias Holle and Robert Ilosfalvy. Also a Festival Of Voices with Gabriela Benackova Cap., Tatjana Troyanos, Hose van Dam and Peter Dvorsky: Pique Dame in Rudolf Noelte's production and Eine Florentinische Tragodie/Gianni Schicchi (20761).

Stuttgart Wurttembergishes Staatstheatre. *Die Soldaten* has fine interpretations by Nancy Shade, Milagro Vargas, Grace Hoffman, Guy Renard and Kalus Hirte. Die Entfuhrung aus dem Serail stars Krisztina Laki, yasuko Kazaki, Uwe Heilmann and Helmut Berger Tuna. (20321).

ITALY

Turin Teatro Regio. Siegfried, sung in German, conducted by Zoltan Pesko and directed by Gianfranco de Bosio Scenery by Attila Kovecs and costumes by Santuzza Cali. In the cast are Boris Bakov, Gerd Brenneis, Graham Clark, Heinz Klaus Ecker and Otrun Wenkel. (548.000).

Trieste Teatro Comunale. Carmen, sung in French, with Alteouise de Vaughn in the title role. Conducted by Hubert Soudant. Mascagni's L'Amico Fritz, conducted by Evelino Pido and directed by Mario Zanotto. (631948).

NETHERLANDS

Eindhoven Schouwburg. The Introdans company in Ed Wubbe's new choreography of Carmina Burana (Wed). (11 11 22).

Amsterdam Muziektheater. Donizetti's Don Pasquale performed by the Netherlands Opera directed by Renate Ackermann. Bruno Campanella conducting the Netherlands Philharmonic, with Henk Smit, Christine Barbaux, William Shimell and Raul Gimenez (Wed). (255 455).

NEW YORK

Metropolitan Opera (Opera House). The premiere of Fabrizio Melano's new production of Il Trovatore highlights the week. Richard Bonynge conducts, with Joan Sutherland, Fiorenza Cossotto and Luciano Pavarotti. Continuing are Franco Zeffirelli's production of La Boheme conducted by Julius Rudel with Roberta Alexander and Brian Schexnayder; Otto Schenk's production of Die Walkure, onducted by James Levin with Hildegard Behrens, Timothy Jenkins and Hans Sotin; and Franco Zeffirelli's production of Tosca, conducted by Christian Badea with Eva Marton, Sherrill Milnes and Italo Tajo. Lincoln Center (362 6000).

New York City Opera. The week features Jack Hofsis's production of The Student Prince conducted by Paul Gemignani, with Leigh Munro, Dominic Cossa and Jon Garrison in the title role. The final production of the season starts, a double bill of Mozart's The Goose of Cairo and Oliver Knussen's Where the Wild Things Are. (870 5570).

Joffrey Ballet (City Center). The month long schedule continues with three premieres, including a Robert Joffrey Nutcracker, Nijinsky's Le Sacre de Printemps and Three Preludes by Ben Stevenson set to Rachmaninoff, along with Frederick Ashton's La Fille Mal Gardee and nearly two dozen repertory favourites. 55th St. east of 7th Av. (947 5850).

Chinese Festival of Song and Dance (Joyce). Troop of 40 acrobats, musicians and dancers do their stuff, including spinning bowls of water, *horse* bell dance and *juggling with feet. 175 8th Av* at 19th St. (242 0800)

WASHINGTON

Washington Opera (Opera House). The 32nd season opens with Romeo *et Juliette conducted* by Cal Stewart Kellogg, featuring Angela Maria Blasi and Neil Wilson in the title roles. Kennedy Center (254 3770).

TOKYO

Deutsche Oper Berlin, director Gotz Friedrich, orchestra conducted by Jesus Lopez Cobos. Die Walkure (Tue); Siegfried (Thur). Soloists include, Catarina Ligengza, Julia Varady, Rene Kollo, Don McIntyre, John Dobson. Tokyo Bunka Kaikan (725 8888).

Continued on page 25

Theatre

LONDON

Separation (Hampstead): Powerful sequel to Duet For One by Tom Kempinski using that play as furniture in the transatlantic love story of a crippled actress and overweight agoraphobic playwright. David Suchet and Saskia Reeves give all in Michael Attenborough's production (722 9301)

The Rover (Mermaid): Jeremy Irons roisters into town in the RSC's Swan production by John Barton of Aphra Behn's rollicking comedy. *Plays in repertoire with the Chernobyl play*, **Sarcophagus**, an urgent but clumsily crafted hospital drama set in a terminal radiation clinic as the first victims of the disaster are wheeled in.(236 5568/638 8891).

A Man For All Seasons(Savoy):*Charlton Heston begs no fa*vourable comparison with Paul Scofield as Sir Thomas More in a leaden production of a play best left to amateurs and schoolchildren (836 8888).

Antony and Cleopatra (Olivier): Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as battle-scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. (928 2252)

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the remance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Dave Willetts has succeeded Michael Crawford as the Phantom (839 2244, CC379 6131/240 7200)

The Balcony (Barbican): Sadly dated and heavy-handed opening to the RSC's Genet retrospective, not helping to fight suspicions that the RSC, certainly in London, is stretched way beyond its creative capacities. Terry Hands directs, Farrah's set looks like a cheap pink brothel and the actors, a dull lot, clump around on high boots in big bulging costumes (628 8795)

Follies (Shaftesbury): Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque reunion in a doomed theatre. Four new songs, improved book by James Goldman. Cast led by Dolores Gray, Julia McKenzie, Diana Rigg, Daniel Massey. All good. (379 5399)

Melon (Haymarket): Alan Bates predictably good in new Simon Gray, clumsily directed by Christopher Morahan, about a jealous publisher viewed in flashback from a psychiatric ward after a breakdown. *Menopausal mutterings, not vintage* Gray. (930 9832)

Serious Money (Wyndham's): Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppies: how the Big Bang led to class tumult and barrow-boy dealings on the Stock *Exchange Hot and livid, but new* cast deemed less good (836 3028, CC 379 6585)

A Small Family Business (Olivier): Brilliant new Alan Ayckbourn play about Britain on the fiddle in greedy times, selling out to foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale. (928 2252).

NEW YORK

Fences (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve their lot but dogged by his own failings. (221-1211).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children' poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and over-blown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the 1930s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line.(977 9020).

A Chorus Line (Shubert): The longest running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200)

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages barely to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626)

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its work-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200)

Les Miserables (Broadway): led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200)

Starlight Express (Gershwin): Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot. (586 6510)

Me and My Girl (Marquis): Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters; but it has proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor preferably British. (947 0033).

The Mahabharata (BAM Majestic): *Peter Brook's nine-hour interpreta*tion of the world's longest poem inspired the refurbishment of an old Brooklyn vaudeville theatre to accommodate it for a three-month stay as part of the Brooklyn Academy of Music's New Wave Festival. Ends Jan 3 (947 5850)

Joe Turner's Come and Gone (Kreeger/Arena): Tony Award winning playwright August Wilson turns in this play to a rooming house at the turn of the century where black people conjure up spirits that connect them to their heritage. Ends Nov 22 (488 3300)

All the King's Men (Arena): Adrian Hall's adaptation of the Robert Penn Warren novel explores the assassination of a demagogue during the Depression with music by Randy Newman., Ends Nov 22. (488 3300)

TOKYO

Kabuki (Kabuki-za): The matinee plays are best. Excellent informative English earphone commentary and detailed programme notes. Newcomers may find one play *enough but the first-timer's one-act* ticket on the fourth floor is not good value. Sightlines are poor and there is no English earphone guide. Instead, purchase a third floor ticket. Kabuki-za, near Ginza (541 3131).

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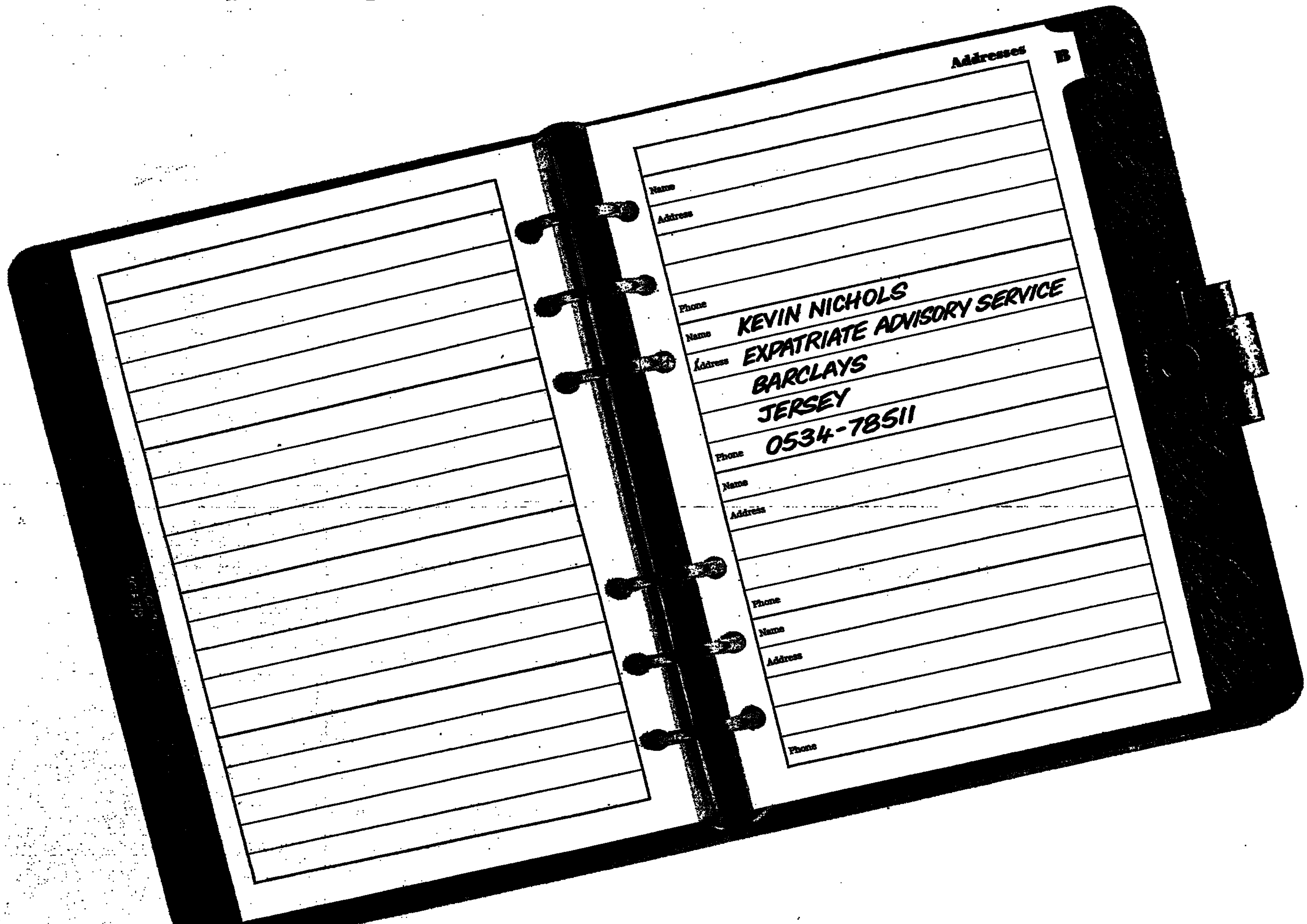

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THE PROPERTY MARKET

BY WILLIAM COCHRANE

High noon in high streets

THREE POSSIBLE FUTURES for Britain's high streets, troubled by the spate of out and edge-of-town retail development proposals, were put to the people who finance, build and occupy them at the first annual conference of the British Council of Shopping Centres, in Bournemouth this week.

In a keynote address, "The Health of the High Street," Professor John Dawson of the Institute for Retail Studies at the University of Stirling said that the first scenario would mean a high street given over to leisure shopping, losing some of its present variety.

Professor Dawson defined leisure shopping as a market for non-essential products and services. There would be greater emphasis on designing a leisure environment in-store and encouraging shoppers to stay longer. Public agencies would refurbish the common/public areas of the high street, exclude traffic, redesign street furniture and the costs of this would presumably be borne by local government.

The second option was a much greater presence of service retailing, the services being listed as: personal; medical; financial; leisure/entertainment; household; business; and social. This had about as much appeal at a BCSC conference as the proverbial lead balloon; council members have made no secret of their disquiet at the invasion of high street prime locations by the very building societies and banks which Professor Dawson was talking about.

His third scenario, however, was politically much more acceptable. He suggested an environment "strategically managed in comparable fashion to a shopping centre", an idea which coincides with the BCSC's own proposal for the creation of town-centre managers.

Implementation, he said, would require the involvement of local government, retailers and the financial institutions which have invested heavily in high street property, including shopping centres. "At the end of the day," he concluded, "the people who own the high street have the most to gain or lose by its vitality or otherwise."

In recent years, the major threat to the high street has been perceived as the persistent and increasing trend for retailers to locate in out of town or edge of town locations – exemplified last year by the opening of Cameron Hall's £200m., 2m sq ft MetroCentre in Gateshead's Enterprise Zone.

It was developments like these which contributed to the deurbanisation of the US and the "hole in the doughnut" syndrome, the phrase coined to describe the vacuum which developed in America's town and city centres in the 1960s and 1970s as householders, jobs and retailers followed the freeways to the edge of town, leaving the centres to dilapidation and decay.

Now, town centres are showing the will to meet the threat head-on. At the same time, another keynote address at Bournemouth suggested that the British problem may prove to be less acute than the one which the Americans have experienced.

"The Planning Implications of Out of Town Shopping and American Experience" were examined by Professor Peter Hall, of the Universities of Reading and Berkeley, California, and Michael Breheny, a lecturer at Reading.

"For the past 20 years," said Professor Hall, "the message for retailing has been 'out, out, out'. The general assumption in Britain is that this profound trend towards deconcentration of population and jobs will continue and that a new decentralised urban structure is inevitable. However, we are not so sure."

Looking at America, he noted that, by the 1970s, some analysts were reporting that the move to the suburbs was being succeeded by deurbanisation, or the decline of entire metropolitan areas. "The geographer Daniel Vining hailed this as a 'clean break from the past: a reversal of the two-hundred-year trend from farm to city'.

"Now," Professor Hall observed, "the analysts are confused. For the latest data indicate yet another reversal. During the early 1980s, not only did the metropolitan areas again resume their growth, increasing much more rapidly than the non-metropolitan residues: in addition, for the first time in decades, growth in the central cities again picked up".

Hall and Breheny concluded that for the time being, the long-continued process of outward deconcentration of America's urban areas seemed to be coming to an end. "People, jobs and retailing appear to be in some sort of equlibrium," they said.

"Since Britain was the first European country to follow the American trends on any noticeable scale", they added, "we might hazard a guess that it will also be the first to witness the revival of the central city."

In certain areas, it seems, the net loss of population has actually been stemmed. "In the last three years Greater London, after almost three decades of continuous population loss, has witnessed a small growth in its population," noted Mr Breheny.

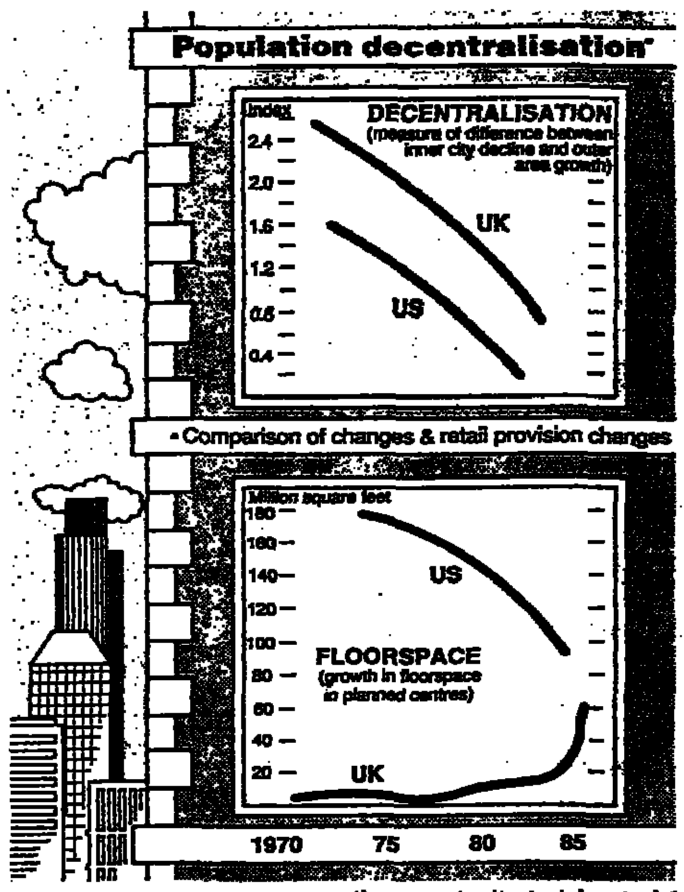
In the US, as Hall and Breheny's chart demonstrates, the growth in retail floorspace is following the trend of decentralisation in its downward curve. In Britain, the floorspace line has gone wild since about 1983

It is also planned at a time of slow population growth in outer areas and some population growth in the cities. "Developers, retailers and planners," concluded Breheny, "thus have the opportunity to take stock." They might also be persuaded to take notice of central government which has set its face against green belt development, does not want proposals for wide open spaces and is clearly only willing to compromise where deeply disadvantaged locations – like an ash tip in Gateshead – are involved.

Population changes

Major urban areas	% rate of change (Decennial) 1971-81	1980-85
GB	0.5	1.0
Greater London	-9.9	-2.4
West Midlands	-5.2	-3.2
Greater Manchester	-4.9	-3.4
Merseyside	-8.7	-6.6
South Yorkshire	-1.4	-2.0
West Yorkshire	-1.5	-1.6
Tyne & Wear	-5.7	-3.8
Strathclyde	-6.6	-6.2

Source: OPCS



Darkness on the edge of town

THE OUT-OF-TOWN threat has its little subtleties. Politicians and other pundits worry about million square feet megacentres while a less sensitive form of retail development, retail warehousing, has been galloping along.

Stuart Hampson, director of research and expansion at the John Lewis Partnership, said at Bournemouth that there was approximately 3m sq ft of retail warehousing in the London area with another 7m in the south east of England making 10m in toto.

"It looks as if another 10m sq ft is now due to come on to the market," he said. "That's what the town centre market has to cope with without any 'third wave' of out-of-town regional shopping centres coming along."

So town centres need to respond; some of them, like Newcastle with Capco's thriving Eldon Square centre, are doing so already; in the course of the conference, BCSC put up a way for them to do so more effectively.

Len Jarrad, senior partner of Hillier Parker and president of BCSC, introduced a policy document which said that town centre managers should be appointed.

The new manager would co-ordinate public works, develop a "spirit of place" and promote the town. He or she would deal with police, traffic management, chambers of trade, public transport and planning control, highways, landscape, street lighting and cleansing.

The idea is not new. In Japan, according to Professor Dawson, the improvement of "shopping streets" was encouraged, and part financed by government.

In the US, the Downtown Research and Development Center in New York was arguing for a managed approach to Main Street in the early 1970s; this led to town by town approaches later in the decade.

There was a jingoistic response to some of this, architects, agents and others professing to see no reason why the British should follow the American, or any other foreign pattern.

However the fact is that CALUS, the Centre for Advanced Land Use Studies at the College of Estate Management, Reading, which organised this conference, also organises exhaustive shopping centre trips to, inter alia, the US and Canada

The threat to UK centres is not simply external. The BCSC Public Affairs Committee, under the chairmanship of Mr Peter Spriddell, estates director of Marks & Spencer, says that many traditional British High Streets are drab, squalid, congested, wet and draughty.

It is worth remembering that M & S, and the John Lewis Partnership, are both exploring out-of-town retailing despite their heavy investment in town centre properties.

Cinema/Nigel Andrews

Another tour-de-Forster

Maurice (15) Cannon Shaftesbury Avenue
Roxanne (PG) Cannons Haymarket and Oxford Street
Let's Hope It's A Girl (15) Renoir
Playing Away (15) Cannon Tottenham Court Road and Ritzy Brixton
Didn't You Kill My Brother and **Mr Jolly Lives Next Door** (15) Cannon Baker Street and Scala

Maurice shows that "sequelitis," that dangerous movie virus commonly associated with Rambos and Rockys, can strike highbrow film-makers too. After the triumph of their first E.M. Forster adaptation *A Room With A View*, the director-producer team of James Ivory and Ismail Merchant, purveyors of fine-bone period pieces to the gentry, have decided that one tour-de-Forster deserves another. The novelist's 1914 *roman maudit* about homosexuality now gets the treatment. To fans, remembering not just *Room* but *The Europeans* and *Heat And Dust*, that treatment is incomparable. To the sceptic, the Merchant-Ivory style sometimes seems like yards of sumptuous set dressing and high-tone British acting in search of a moment of cinematic originality.

Maurice, like *A Room With A View*, is firmly in line with their Picture-Book Classics approach to movie-making. Not a dress, a painting or a table-setting is out of place as we follow Forster's title hero (James Wilby) from the early frissons of a platonic romance with Cambridge pal Clive (Hugh Grant) into his hard-fought adult battle, once Clive has thrown him over for the conformist joys of marriage, to recognize and his realise his physical desires.

In the process he and Forster (and the faithfully pursuing Ivory) take us on a gallop through the whole landscape of early-century English fears, bewilderments and hypocrisies. The fears are those of the lover themselves, the bewilderments are those of their family (Billie Whitelaw as Maurice's Mum, squeaking in shock at the first sight of a snatched kiss between Maurice and Clive) and the hypocrisies are those of doctors, moralists and "experts." Denholm Elliott curls a memorably unctuous lip as Dr Barry, the family medico, and Ben Kingsley deploys a basilisk stare and a stiletto American accent as the Harley Street shrink Maurice is belatedly packed off to. ("Take exercise," is his immortal advice, "Stroll around with a gun").

Scrupulous fidelity to a novel, and to the trappings of a period, are often a recipe for well-mannered nullity. Ivory and co-scriptwriter Kit Hesketh-Harvey pluck most of the dialogue verbatim from Forster's page and slap it straight up on screen. Yet the care, wit and controlled passion with which the story's confrontations are staged and spoken amount to a virtual act of re-imagining.

Taking its colours chameleon-like from the novel, the film eschews the sunny Arcadian feel of *A Room With A View*. In the process, some scenes border on the solemnly risible, as when coping with Forster's daydreams about gamekeepers. With muddy boots and Mummerset accent, the virile young Scudder (Rupert Graves) shins up a ladder into the master's bedroom in final reel and - lo! - desires mesh and classes interlock.

But Ivory's brinkmanship here and throughout is masterly. The film has a repressed and elegaic yearning that seems wholly faithful to the pre-WW1 period. (Only a few years earlier, Oscar Wilde had discovered that the love that dared not speak its name could sternly spell out the words "Reading Gaol"). And newcomers Wilby and Grant leap the hurdles of period dialogue and agonised period periphrasis to create characters vivid and recognizable today, even though their outlines were first drawn 70 years ago.

*

The outlines for the characters in *Roxanne* were drawn even longer ago: in Edmond Rostand's famous romantic verse drama, *Cyrano de Bergerac*. Now comedian Steve Martin, he of the shock-white hair and cinder-black eyebrows, dons the mighty conk to play a modern Cyrano. Small-town, large-nosed fire chief C.D.Bales (extra homework for all those failing to pick up the Rostand hint in the initials) falls in love with newly-arrived beauty Roxanne (Daryl Hannah). But she, alas, looks straight past him - in the circumstances a remarkable feat of nasal circumnavigation - and falls for macho young fireman Chris (Rick Rossovitch), a shy Colossus of limited intelligence.

Can C.D. woo and win his beloved, despite his nose and the intervening Chris? And how much more complicated has he made matters by offering to do Chris's courtship for him - to write his letters and even ventriloquise his love speeches as the young man stands miming under her balcony?

Martin's previous comic heroes, in films like *The Jerk* and *The Man With Two Brains*, have tended to scamper around the screen as if they have one finger permanently stuck in a light socket. The eyes blaze like finest tungsten while the white hair seems to send out smoke signals of high-volt distress. In *Roxanne* someone - possibly director Fred Schepisi (of *Plenty*), or possibly screenwriter Steve Martin (playing Jekyll to his own Hyde) - has told the performer to slow down. Or perhaps the nose itself told him: a resplendent organ, designed by make-up maestro Frank Griffin to look as if it has been refreshed with copious quantities of Heineken and forgotten to say when.

The result is a spacious, dippy, enchanting romantic comedy. Zany impromptus co-exist with the undulating beauties of Washington State and Daryl Hannah. One moment Mr Martin is swashing a verbal or physical buckle with those who take his nose in vain: (relish the scene in which he mints twenty florid nose insults to shame a boorish thug who has twitted his nasal extremity). The next moment the camera is romping through the love-and-quest plot against a backdrop of fir-clad mountains or scarcely-clad Miss Hannah. Hard would the viewer be of heart, in these circumstances, who presses home the one potential quibble in the film. Why exactly, in the world of post-Rostand modern medecine, does Mr Martin not have a nose job?

Hugh Grant and James Wilby in "Maurice"

*

Some form of emergency surgery is certainly needed in Mario Monicelli's *Let's Hope It's A Girl*. The cast is far too large in this rambling co-production comedy about a wacky Italian family who do not want to move from their crumbling farmhouse-cum-villa in the country, even though they can no longer afford it. Mother Liv Ullmann gazes around her with rockpool-blue eyes, Dad (Philippe Noiret) is a layabout Count with eccentric building schemes, Uncle Gugo (Bertrand Blier) is mad, and filling up the spare corners and broom cupboards are such luminaries as Catherine Deneuve, Stefania Sandrelli and Giuliano Gemma.

It all resembles an overcrowded audition for some pilot soap opera: possibly a version of *The Archers* set in Lombardy. There are a few brave attempts at character-culling - Noiret is killed off in car crash and Blier is dragged off to a retirement home (unfortunately he escapes and returns). But the film's witless script, Babel-like cast and constant voluble stabs at sentiment conquer all bids for pith or cogency.

*

Finally, two delayed offerings from British cinema, both mini-budget and both fathered some time ago ago by Channel 4. Better late than never is Horace Ove's *Playing Away*, a merrily cautionary race parable about black-meets-white, in which a team of West Indians from Brixton take on the denizens of a twee Suffolk village in a cricket match. Carl Philips wrote the script, Ove directs deftly and wittily.

Better never than late, on the other hand, is the crunchingly unfunny Comic Strip double-bill, *Didn't You Kill My Brother* and *Mr Jolly Lives Next Door*. The first launches the ballistic Alexei Sayle at us in two roles - as Kray-like crime brothers in London's underworld - and watches helplessly as both fizzle out in mid-trajectory. The second is a laughless *walpurgisnacht* of blood, violence, slapstick and Rik Mayall, written by the latter and Ade Edmondson (on an off day) and directed by Stephen Frears as if a very nasty thing had happened to him on the way to the laundrette.

Hamletmachine/Almeida

Michael Coveney

Robert Wilson's work has not been seen in London for nearly ten years, which makes the arrival of *Hamletmachine* in Islington after a lengthy European tour an event in itself. Even better, the piece, based on a short 1977 play by the Berlin playwright Heiner Muller, is a work of austere beauty and insidious charm.

Most of Wilson's work, large-scale minimalism with repetitive wordless ballet and epic spatialism, is a product of the 1970s avant garde chic. I have always preferred the intensity of his time-stretching experiments with the autistic child Christopher Knowles, the exquisite manipulation of sound, light and physical movement mapped out like a musical score.

Carbon copy repeated action - as in I was sitting on my patio at the Royal Court in 1978 - became a mannerism. Now Wilson, working with Muller, has found a way of reworking the style.

We enter the Almeida to see a grey ghost of a girl in a swivel chair. Must be Ophelia. Fourteen actors sit in a line at rightangles to the audience. They face a white screen. Bidden by the whack of a Chinese block they enact a fragmented mime: a girl languishes in a tree, a trio of made-up 1940s ladies swish their nails on a metallic table, leaning at 45 degrees on their chairs, a boy in a leather jacket slouches towards a petrified girl, a dictator seems to address a crowd below, a golden dancer traverses the stage on one leg, a man in black face and funereal garb covers the eyes of a queenly matron in plum velvet.

These and other snapshot activities are separated from each other and played against a plaintive single line piano melody. The scenario is then repeated, with one startling variation of a filmed sequence, four times, each time with injections of the Muller text that disposes of the Hamlet existential myth, sanctifies the tragedy of Ophelia and recasts her as an activist Electra, plays a tangential counterpoint of a guilt-ridden nation awakening to face up to the present.

This poem for modern Germany using the tools of *Hamlet* and other sources - Marx, Charles Manson and T S Eliot among them- is presented as a search for meaning in a chameleon-like artefact. This is precisely our problem each time we confront *Hamlet*. What does it mean, what can we learn from it?

The machine is the performance, which turns on its own axis through 90 degrees between re-runs, completing the full circular journey as Ophelia becomes Electra, Hamlet resigns and a Player Hamlet bemoans the daily nausea of television. The ballet has a programme which we only discover by looking at it from every possible vantage point.

Just as Muller uses Shakespeare, Wilson uses Muller. All art is predatory. The visceral and visual impact, a stage full of women facing in different directions with curious male interlopers in top hats and wild stares, has the surreal dead of night quality of Paul Delvaux's paintings. The filmed sequence seemed an incongruous way to off-load superfluous text without complementing in any way the physical tension. Otherwise, the performance is a masterful exercise in private dream undermined by textual gloss. The trick is, you know the gloss really came first.

I do not know whether economics or inclination is forcing this concentration and contraction on Wilson's work, but I prefer him like this. His Stuttgart collaboration with Muller earlier this year - an icily poetic meditation on *Les Liaisons Dangereuses* in the baroque castle of Ludwigsburg - is a companion piece. Both are works of great distinction, but there is more automaton chorus work here in the style of Pina Bausch: interludes of head-scratching, head-banging and hysterical screaming tantrums that evaporate with a smile and a shift of weight like spring thunder.

Many of Muller's stage directions are recited, confirming the impression that this is a pentagonal ballet with controlled textual explanation. A quick read of the text is recommended, available in a good programme book at the Almeida, where *Hamletmachine* runs until November 14.

Alastair Muir

Scene from "Hamletmachine"

Eastern European cinema/Chicago Film Festival

Ronald Holloway

If further evidence from the 23rd Chicago International Film Festival (Oct 19 - Nov 8) is to be taken at face value, then 1987 has been synonymous with the success of East European cinema. Peter Gardos's *Whooping Cough* (Hungary) was awarded the Golden Hugo by an international jury of peers: and just a few months before, at the Montreal World Film Festival, Gardos was singled out by a brace of informed critics for the FIPRESCI Prize.

The recognition is well deserved. A minor sensation when it appeared at the Budapest Festival last February, *Whooping Cough* broke new ground by treating for the first time the realities of the 1956 Hungarian Uprising. Such an artistic venture at the Mafilm Studios would have been unthinkable a few years back.

The Special Jury Prize at Chicago was awarded to a Soviet entry, also quite in step with President Gorbachev's current *glasnost* policies: Tengiz Abuladze's *Repentence* (Georgian Republic). Since this was the first box-office test in the United States for the multiple Cannes prizewinner, it must be reassuring to the Cannon Group that this lengthy and aesthetically demanding telefeature has passed its first commercial hurdle with flying colours. And when much the same interest was carried over a couple days later to Jerzy Domaradzki's *The Great Race* (Poland), commissioned in 1981, one could sense a general all-around festival interest in provocative Socialist cinema.

Set in 1952, and providing a sardonic view of "peace races" serving "personality cults," *The Great Race* is particularly noteworthy for gigantic twin portrait posters of Stalin and Polish-Russian party boss Wladislaw Bierut ominously dominating the whole affair. Again, the mere fact that this film could be presented at the 1986 Gdansk Film Festival (and awarded a Silver Lion there), followed by a recent nation-wide Poltel broadcast, is only conceivable in the era of *glasnost*.

Another Polish entry, Krzysztof Kieslowski's *Blind Chance*, left no doubt that this national cinema has a ready-made audience in the Windy City. Very few of Kieslowski's deft nuances concerning a young man at a crossroads of life during the sociopolitical upheaval in Wodz and Warsaw at the end of the turbulent seventies appear to have gone unnoticed, judging from the audience's reaction. Some moviegoers even had copies of Lech Walesa's new biography.

For many, however, the icing on the Chicago festival cake was the double-bill tribute to Soviet director Kira Muratova: *Close Encounters* (1968) and *The Long Farewell* (1971), both produced at the Odessa Studios in the Ukraine. It was doubtful for a while whether Muratova (a Romanian citizen living in the Soviet Union) would be able to get an American visa, despite being only an hour's plane ride away in Canada on a parallel festival visit, but when she finally came, she conquered.

Close Encounters apparently had more to recommend it to Soviet film buffs in the States on the grounds of its three exceptional acting performances: the first film roles of the legendary poet-actor-balladeer Vladimir Vysotsky and the gifted debutante Nina Ruslanova, augmented by Kira Muratova in her one and only screen appearance. It is a complex tale of relations between an estranged couple and a young girl hired to do their housekeeping. To the consternation of the censors, no relationship is spiritually or morally resolved to anyone's satisfaction in the end - which has guaranteed *Close Encounters* an envious longevity over other social dramas released in the Soviet Union two decades ago.

Nevertheless, despite the memorable graces of *Close Encounters*, it's *The Long Farewell* that impresses for its clear ideological break with the dogmatic formulas of *Socialist Realism*. A divorced and emotionally erratic mother of a teenage son must face the bitter truth of his inevitable departure upon graduation to join the father in a distant city. Since nothing in this frivolous lady's life (job, lover, parenthood) is emotionally sound or socially secure anymore, the pain of her son's impending departure becomes more and more unbearable.

Although filmed in Odessa, the story could have taken place anywhere in Soviet society, particularly where the socially privileged rub shoulders with the parvenu and the pseudo-intellectual. Both are castigated in the film mercilessly by Muratova and her collaborators, who include two contributing Leningrad personalities - scriptwriter Natalya Ryazantseva and stage actress Zenaide Sharko. Understandably enough, none of these exceptional women artists were subsequently able to find similar rewarding work in the Soviet film industry for years to come.

Donatoni/Festival Hall

Max Loppert

The BBC Symphony Orchestra under Peter Eotvos gave the British premiere of Franco Donatoni's *Arias* in Wednesday's concert - this year the Italian composer celebrates his 60th birthday, and the gesture of respect was entirely fitting. It was welcome for other reasons also: for *Arias*, five love-poem settings for stratospheric soprano (Sarah Leonard) and huge, glittering orchestra, is a gorgeous confection, a bright, bold splash of vocal fireworks that manages to be at once properly avant-garde and decidedly retrogressive.

This pleasing contradiction arises because the texts are set not in "face-value" musical transcriptions but across their grain (the shortest poem inspires the longest setting); at the same time, Donatoni has contrived a brilliant revival of high-soprano coloratura as a vehicle for expressive eroticism, with the rampant energy and the inexhaustible facility (if not exactly the harmonic lushness) of a modern-day Strauss. The outpourings of arabesques (which describe arcs from below the soprano stave up to F sharp above it) and the knife-edged orchestral textures are constant throughout the work, yet by other, subtler means, Donatoni distinguishes the atmosphere and purpose of each poem.

As always in his music, even in those pieces from his most picaresquely "confrontational" period, the underlying musicality is richly potent; I wish we heard more of it.

Miss Leonard gave a quite extraordinary display of the avant-garde *soprano d'agilita*, pure-toned, clear, rhythmically acute - in the process she may have obscured the Italian words of the faster movements, but I hardly imagine simple verbal clarity was Donatoni's first aim. She should be invited to repeat the performance at the Proms.

Indeed, the whole concert, an imaginative, prodigally spendthrift occasion (with a huge array of percussionists lining the choir-stalls), deserves repeating intact before a larger and more adventurous audience than the South Bank now manages to attract for BBC 20th century concerts. It began with a well-remembered item from the Boulez era at the BBC, Maderna's *Aura* - a modern concerto for orchestra of ingenious contrasts and felicitous shifts of perspective (not much actual substance, but that was probably not Maderna's purpose in fulfilling a Chicago Symphony birthday commission).

After the interval we heard Bernd Alois Zimmermann's *Photoptosis*, another revival from past BBC concerts, blackly and balefully contemplating a handful of ostinatos above a grim, organ-coloured haze; Eotvos made Zimmermann's central mirage of quotes from popular Beethoven, Bach and others less fantastically disturbing than I remembered it, but the dark, depressive agony of the close was rendered with vigorous force and insistence. The other British premiere of the evening, Helmut Lachenmann's *Harmonica* for tuba (James Gourlay, hissing singing, and blowing with fine flourish) and orchestra, was obviously intended to reside somewhere between madcap comedy and audience provocation. It went on too long, and too repetitiously, to achieve either end successfully; but there was some liveliness along the way.

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Over the next month the regular early-evening organ recital series at the Festival Hall on Wednesdays devotes itself to two 20th century French *Maitres religieux* - Durufle and Langlais (who himself appears next week). A performance of the Durufle Requiem, in its organ, cello, and small-choir guise, was this week's main offering. The Requiem, a tribute to Faure worthy, affectionate, but rather long-winded (because less muscularly taut of thought and sound than the model), received a rather dainty reading from the Winchester Cathedral Choir under Martin Neary - gently, truly, and sweetly sung but displaying reluctance to take up those few opportunities for dramatic contrast that Durufle offers. It was a very "English" account, to be mildly enjoyed or mildly, reproached according to taste.

1987 Mitchell Prize

The winner of the 1987 Mitchell Prize for a book in the history of art field is Lee Johnson for his two volumes on "The paintings of Eugene Delacroix", published by Oxford University Press. He receives $10,000.

The Mitchell, founded by American art collector and businessman Mr Jan Mitchell, nowoffers two subsidiary $3,000 prizes, one for a first book and one for a work on 20th century art. Cecilia Powell won the first category for "Turner in the South" (Yale University Press) and Christopher Green the second for "Cubism and its Enemies", also published by Yale.

Saleroom/Antony Thorncroft

It could have been worse

The first real test of the art market after the international slide in share prices took place at Sotheby's in New York on Wednesday night when contemporary art came under the hammer. This is the sector which has enjoyed an amazing price spurt in recent years, fuelled mainly by the money being made on Wall Street and by business generally.

When the newly rich start to buy art, at least in the US, they go for contemporary artists, especially American contemporary artists. Sotheby's must have been very apprehensive about the fate of this auction, especially as the estimates, and reserves, had been fixed some months ago, before the crash but after some very successful summer sales of modern art.

In the event things went rather better than the saleroom must have feared. There were three auctions in all, including two one owner sales, and the combined total was $17,661,600 (£9,444,706), with 23.4 per cent unsold. Until the boom of the last eighteen months such a bought in total for a contemporary art auction would have been considred par for the course.

But it was noticeable that only the best works were finding buyers and then at prices that were often near the bottom of the pre sale estimates. For example, the top pricve, $2,035,000 for a major de Kooning oil "Woman (Green)" was in fact just below estimate and Jackson Pollock's "Untitled," a 1948 oil and collage on paper mounted on masonite, was also just below expectation at $1,210,000.

There were sucesses. Rauschenberg's "Backwash", sent for sale by Goucher College, added $814,000 to its funds, at the top of the forecast, and a bright yellow and red canvas by Rothko was spot on at $616,000. Another artist to be in favour was Morris Louis and an acrylic of colorful vertical stripes made $495,000, well above estimate.

There was also a British success, "Portrait of Mr and Mrs Philip King" by Howard Hodgkin almost doubling its estimate at $220,000. If the dollar had not fallen so much recently it would have just about neen a record for Hodgkin: one of his works made £155,000 at a charity auction in London in July, and prices at charity auctions tend to be inflated. At a lower level Michael Morley also did well.

One of the single owner sales consisted of some thirty worlks from the estate of Xavier Fourcade, who was de Kooning's dealer and one of the great figures of the New York art. All sold, for $2,899,050, but "Seated woman," a de Kooning bronze made $352,000, way below its $450,000 low estimate. "Untitled I," the other major work on offer, was also a slight disappointment at $374,000. There is always a risk in putting so many works by an artist on the market at once: the demand is seldom sufficient. Seven Dubuffets offered by Hope and Abrahamn Melamed also met a mixed response, bringing in $809,000, but with the major painting, "Le Folatreur" unsold at $410,000.

Arts guide

November 6-12

Continued from page 22

Exhibitions

LONDON

The Tate Gallery. Turner in the new Clore Gallery: The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, and a further 19,000 or so watercolours and drawings, has been a source of controversy and dissension ever since it came into the nation's hands more than 130 years ago. Turner had always wished for a gallery to himself which would show all aspects of his work. Whether he would have approved of James Stirling's extension to the Tate as a suitable setting is a nice question. The larger paintings may be hung too low for one who lived in a more ostentatious age, and the tasteful oatmeal Stirling has decreed for the principal galleries is a far cry from the rich plum he is known to have preferred. The vulgar neo-deco of the entrance hall has little to recommend it. But eight rooms for paintings and one for watercolours give room enough, and with the tree reserve galleries upstairs, every painting but the few in restoration or on loan is on the wall.

PARIS

Five Centuries of Spanish Art: An ambitious ensemble of four exhibitions retraces the history of Spanish art from the Golden Age to today. The two most innportant exhibitions are Greco To Picasso at the Petit Palais and Picasso's Century at the Musee d'Art Moderne.

In the Petit Palais is Greco with a vast visionary Baptism of Christ, Velazquez with a portrait of Philippe IV in his hunting clothes, and Goya with a portrait of Marie-Louise in a black-lace mantilla.

Picasso's Century is dominated by the master, from the period of analytic cubism to 20 preparatory sketches for Guernica and to his last works. But there is also Juan Gris, and Miro, Dali and Tapies. Petit Palais, Ave Winston Churchill; Musee d'Art Moderne de la Ville de Paris, Ave President Wilson. Both exhibitions are closed on Mondays and both end on Jan 3.

Fragonard: The Grand Palais is staging the first retrospective of Fragonard in collaboration with the Metropolitan Museum, New York. About 100 paintings and as many drawings celebrate the artist's love of beauty, in which he saw a manifestation of "nature's perfect health". The depth of observation in his Roman landscapes, mythological scenes and portraits counterbalances the decorative facility of the Scenes Galantes so typical of the 18th century. Grand Palais. Ends Jan 4.

Artcurial presents a panorama of 12 years of its activities in favour of contemporary art as a gallery, a library and as an editor of "multiple originals" of statues and jewels, contemporary furniture, Sonia Delaunay's personal dinner plates and a 1930 carpet. The gallery's exhibitions have tried to present the image of the 20th century. Sonia Delaunay was followed by Giorgio de Chirico, Zadkine's retrospective by Man Ray photographs. There was sculpture by Chadwick and the art of the poster by Matisse. All culminated in a homage to the late President Pompidou - like Artcurial a lover of the avant-garde. Artcurial, 9 Ave Matignon (42991616). Ends Nov 14.

Landscape in the Flemish and Dutch Schools: Light and colour change but the painter's pleasure in recording them never varies. The Brueghel Dynasty, the Bredael Brothers and Charles Beschey are represented in paintings on copper plates or wooden panels of unassuming proportions but in all the perfection of their art. Galerie d'Art Saint-Honore, 267 Rue Saint-Honore (42601503). Ends Dec 4.

WEST GERMANY

Munich, Staatsgalerie Moderner Kunst: Sculpture from the German Democratic Republic (East Germany). A result of the cultural agreement of May 1986 between East and West Germany, this exhibition includes 130 sculptures, some of them larger than life, and about 60 paintings of sculptures by 51 artists, and coeres four decades. It offers a view of graphic works that have not even been seen in East Germany before. Among the artists are Gustav Seitz, Fritz Cremer, Werner Stotzer, Hermann Glockner, Waldeman and Sabine Grzimek, Ingeborg Hunzinger and Franziska Lobeck. Nov 5 to Jan 3. Mannheim Stadtische Kunsthalle from Jan 23 to Feb 21.

Hildesheim, Roemer- und Pfelizaeus-Museum, Am Steine 1-2. Egypt's rise to a World Power: More than 300 pieces loaned by 20 museums in Europe, Africa and America - the first presentation of the most important 150 years 1550-1400 BC of the New Empire in Egypt. The bust of Pharaoh Thutmosis III, discovered in 1907 without a face, can be seen complete in Hildesheim. The face, found in Egypt only 20 years ago, was loaned by a Cairo Museum. Another highlight is a reconstruction of the 3000 year old burial chamber of Sennefer, the former mayor of antique Thebes. Clothes, household appliances, tools, cosmetics and jewellery illustrate the everyday life of Egyptian citizens. Ends Nov 29.

Berlin: Galerie im Rathaus Tempelhof, Tempelhofer Damm 165: Gunter Gauss paintings, drawings, etchings, lithographs and sculpture—a 150 work retrospective celebrating his 60th birthday and covering 1957 to 1987. Ends Nov 20.

Baden-Baden: Kunsthalle Lichtentaler Allee 8a: Carlo Carra: The first German retrospective of the Italian artist who was one of the initiators of Futuris. His artistic life underwent dramatic change when he met de Chirico. Ends Dec 6.

ITALY

Rome: Palazzo Venezia: Bice Lazzary (1900-1981). 150 works in oil, pastel and acrylic by one of the first Italian artists to abandon figurative for abstract art. Ends Nov 22.

Rome: Palazzo Venezia: Bronzes found during excavations at Lake Dian in southern China in the 1950s. Ends Nov 15.

NETHERLANDS

Rotterdam, Prins Hendrik Maritime Museum. Art as camouflage, or camouflage as art? The startling 'applied vorticism' of marine dazzle painting developed in the First World War by Norman Wilkinson to deceive the enemy as to a ship's real position and course. Ends Dec 6

Art Institute: 48 key Impressionist and Post-Impressionist works from the Courtauld collection tour America with paintings by Cezanne, Manet, Renoir, Seurat and Gauguin. Ends Jan 3.

Amsterdam: Rijksmuseum Printroom. As a pendant to the survey of landscape painting in the main galleries, the printroom is showing a fine selection of 100 17th century drawings devoted to the theme of Land and Water. Ends Jan 3

Amsterdam: Historical Museum. Contemporary photographs, utensils, menus and registers chart the rise and heyday of Amsterdam's grand hotels from 1860 to 1914. Ends Jan 17

Amsterdam, Rijksmuseum: A sweeping view of 17th-century Dutch landscape painting, with more than 100 works by over 50 artists tracing the development of the genre and its offshoots from the dense creations of Vinckboons and Savery via the chilly winters of Avercamp, the tranquility of Ruysdael, the golden light of Cuyp, the towering cloudscapes of Ruisdael, to the wooded scenes of Hobbema. Ends Jan 3.

Rotterdam: Boymans-Van Beuningen Museum. From Ingres to Cezanne presents a rich choice from the museum's large collection of 19th century French drawings. Ends Nov 29

Leiden: Rijksmuseum voor Oudheden. Manuscripts, books and maps spanning 1,000 years of scientific imagination and knowledge. Ends Jan 17

SPAIN

Barcelona: "Leonardo da Vinci. Nature Studies". 50 drawings on loan by the Royal Library at Windsor Castle, shown recently at the Metropolitan Museum, stockholm and Tokyo. Centro Cultural La Caixa, Paseo de San Juan 108. Ends Nov 8.

Madrid: "Beuys, Klein and Rothko. Transformation and Prophecy". Centro Cultural de la Caixa, Serrano 60. Ends Nov 8.

Madrid: "Mark Rothko 1903-1970". 54 works by North American artist of Russian origin grouped with de Kooning and Pollack. This show was seen recently at the Tate in London. Fundacion Juan March, Castello 77. Ends Jan 3.

NEW YORK

Metropolitan Museum: 200 objects from the Age of Sultan Suleyman the Magnificent demonstrate the wealth and skills at the high point of the Ottoman empire in the sixteenth century through the large selection of illuminated manuscripts, the imperial wardrobe, ceramics and jewel-encrusted weapons. Ends Jan 17.

Center for African Art: Angles on African Art features ten co-curators, ranging from an African tribesman to collector David Rockefeller, each of whom chose ten of their favourite pieces, making a well-rounded and diverse show. Other curators are writer James Baldwin, artists Nancy Graves and Romare Bearden and curator William Rubin. Ends Jan 3.

Jan Krugier Gallery: This new gallery is inaugurated with 60 Cubist works by Picasso from the Marina Picasso Collection with two decades of paintings, drawings, sketchbooks, collages and prints from 1907 to 1926. Ends Dec 10. 41 E. 57th, 6th floor.

WASHINGTON

National Gallery: A Century of Modern Sculputre, the Patsy and Raymond Nasher Collection, contains major works by Rodin, Picasso, Matisse, Gabo, Giacometti, Ernst, Moore and Serra. Ends Jan 3.

TOKYO

Japanese Ink Painting: A large exhibition of important paintings from 15th to 19th centuries gives an excellent overview of the japanising of Chinese ink monochrome painting styles. Out of this tradition came the Edo period (1600 to 1868) styles of the Sotatsu and Kano Schools, best-known for their large gold and silver decorated screens. Tokyo National Museum, Ueno Park, Ends Nov 23.

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Mr Lawson's options

"MAY YOU live in interesting times" goes a Chinese curse. The times are certainly getting very interesting. The question is whether they need an equally *interesting and innovative* response.

Perhaps the main achievement of the British Government was not so much to make economic performance outstanding as to render questions of macroeconomic management increasingly boring after six years of steady, if unspectacular, economic growth.

The events of October have changed all that. The question now for Mr Nigel Lawson,the Chancellor, is whether to change either his view of the future or his policies. On balance he seems to have decided, probably rightly, that the ship is in as good a shape as possible to meet an economic storm which may prove to be anything between a brisk wind and a typhoon.

The principal policies are little changed. On the monetary side, the Chancellor has reaffirmed what has long been known, that monetary targets have been replaced by exchange rate targets, principally against the D-Mark. Where there has been some clarification is in the policy of sterilising the effects of exchange rate intervention. Sterilisation, like St Augustine's chastity, will come, but not yet.

Central conundrum

The fiscal policy is also reaffirmed or, if anything, is tighter than projected. This year's PSBR is now projected at £1bn, a ¼ per cent of GDP and the forecast for 1988-89 is for the same PSBR.

Where do the risks lie?

The direct effects of the crash on domestic demand could turn out to be quite modest. In particular, the negative effects could be largely offset by the greatly reduced rates of interest. Indeed, with the Treasury now projecting 4½ per cent inflation over the next 12 months real rates of interest could become lower than for many years. The credit-driven rise in house prices might even pick up in these circumstances.

The central conundrum is the perfomance of the international economy. The Treasury projects world trade growing at 3½ per cent in 1988 but this could easily turn out to be very optimistic.

It is possible, therefore, that maintaining growth at the forecast level will require policy adjustment, with a domestic boost to offset a greater than anticipated external decline. Fortunately, the UK *starts from* a position which would allow fiscal policy to be used for that end with no difficulty, if required, even if that entailed a substantial current account deficit during a world recession.

At present, monetary policy, driven by the exchange rate commitment, is already expansionary, with reserves having risen by almost $7bn last month and almost $20bn in 1987. There cannot be many arguments for allowing sterling to appreciate against the D-Mark especially when the dollar is falling.

Further arguments

With the gap between three-month money market rates in West Germany and the UK still more than 5 per cent, the foreign exchange inflow is bound to continue unless there is the expectation of a sterling depreciation. Either interest rates are cut to close to West German levels, in which case they become negative in real terms domestically, or there is a foreign exchange inflow, swelling the domestic monetary base and so tending to drive down interest rates indirectly.

These circumstances provide further arguments in favour of EMS membership. If one is being forced to adopt West German short term interest rates it would seem desirable to participate in a system whose effects on expectations might help to achieve a West German rate of inflation as well.

More broadly, it looks peculiar to insist on exchange rate stability under an increasingly unconvincing Louvre Accord while refusing to become a full member of an agreement that continues to function. Furthermore, if one is to fix the exchange rate to the D-Mark, it would also appear to be more sensible to do so in a way that could allow greater influence over West German macroeconomic policy. Perhaps that could be even be made a condition for full membership.

In general, however, the Chancellor is in the enviable position of being able to react to events without being forced to do so. However, apart from preserving his options, all he can do at the moment is hope that the times do not get still more interesting.

The protection of copyright

THE COPYWRIGHT Designs and Patents Bill is one of the most substantial legislative tasks of the 1987-88 session of Parliament.

It is a long bill of 277 clauses with seven schedules and is highly technical. Its main part, restating the law of copywright and updating it to cover new technologies of artistic production and reproduction, is of great importance for all British industries concerned with information. It deserves the closest scrutiny, and it would be premature to reach any conclusions on its merits before its likely impact is clarified by further discussion.

By contrast, the provisions dealing with industrial design are clearer in their implications and open up welcome new means of protecting creativeness, particularly in small and medium-sized enterprises. As to the part dealing with patents, this is disappointing both in its provisions and in what it leaves out.

The bill would do away with the absurd copywright protection - for 50 years after the designer's death - of motor car exhausts and similar 'three-dimensional reproductions of drawings,' introduced by judicial aberration against the intention of Parliament.

Advertising power

Instead, there would be protection for original functional designs embodied either in a document or in the product itself. No registration would be necessary and the protection would be for 10 years from the start of marketing, but no more than 15 years from the development of the design.

This seems to give ample time for the exploitation of a new product without fear that a financially stronger company will copy it and dominate the market by its advertising power. The originating enterprise will claim protection only for products which are commercially viable and will be able to do so without costly patent application and litigation.

The bill meets objections raised after the publication of the 1986 White Paper on Intellectual Property and Innovation. It excludes from protection the method of construction or the features necessary to make the product fit or match in appearance another product to which it is to be connected; in other words, it leaves the manufacture of spare parts free, except when there is technically unnecessary 'slavish' copying.

So far, so good, but there remains the danger that new designs will be introduced only to block the creativity of competitors. There may be a need to exclude protection of designs which are not marketed within a reasonable time.

Vociferous attack

The bill would give wide jurisdiction over the validity of design rights to the Comptroller of the Patent Office but would leave infringement actions to the courts. This seems wrong. In practice, the two matters are always connected and it should be left to the parties to choose the cheaper and quicker adjudication in the Patent Office from which appeals to court should require leave.

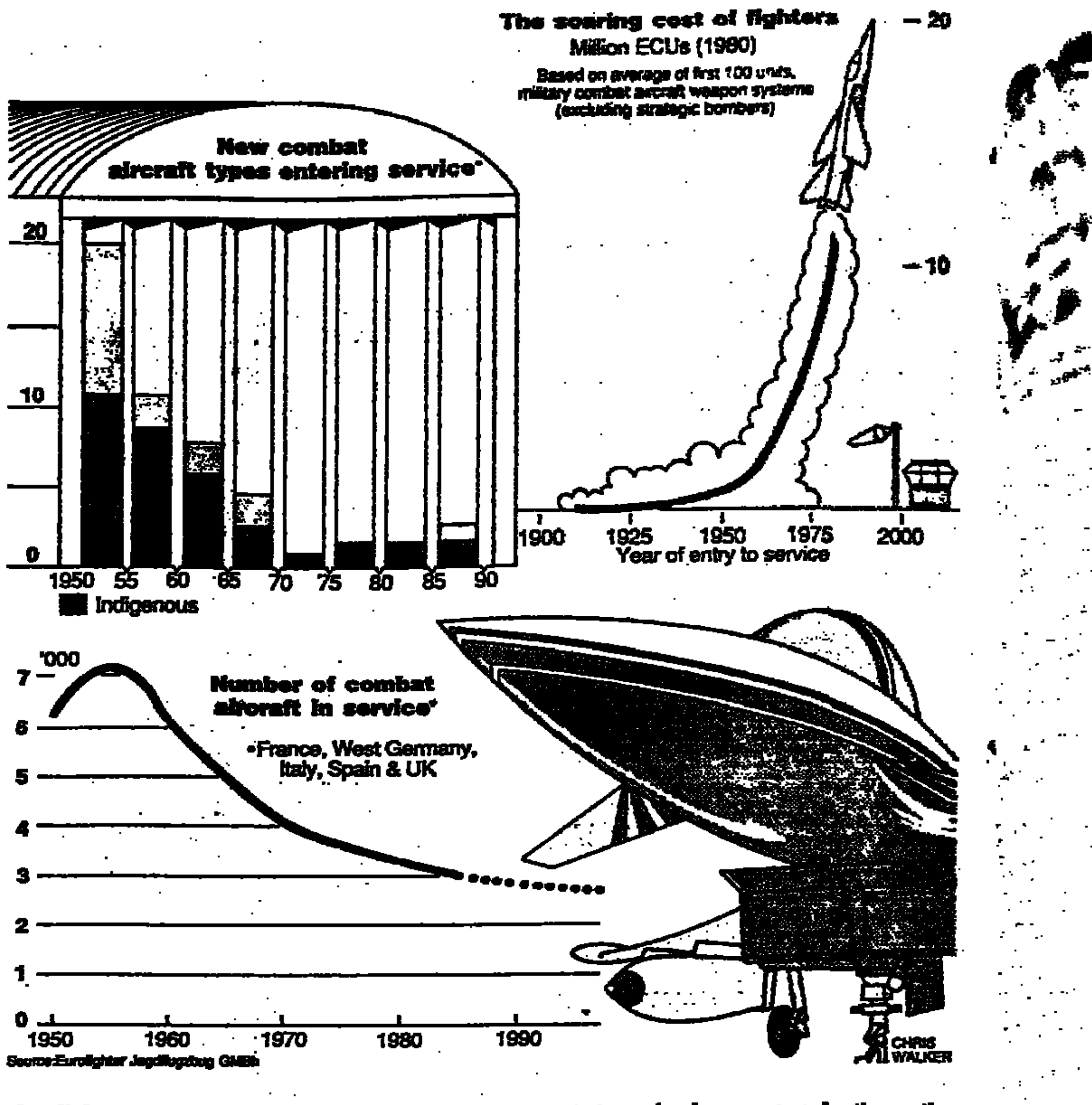
A similar jurisdiction over patent disputes was proposed in the 1986 white paper. However, the Government retreated in the face of a vociferous attack by patent lawyers. Instead, the bill proposes the creation of county patent courts by order of the Lord Chancellor. The plaintiff would have the choice between that and the High Court.

The intention seems to be to create only one such court in London and to limit its jurisdiction to claims up to £100,000. Such provision is quite useless, except for the rare disputes between two small companies. As before, a large company will be able to make a not-so-rich inventor dance to its own tune by a mere threat of the immensely costly and interminable litigation in the High Court.

More than 70 per cent of UK patents granted in 1985 and 1986 were taken out by foreign companies. A patent monopoly is a powerful weapon in the hands of a strong international company, but a worthless though expensive piece of paper in the hands of a smaller company. The Government does not seem to have reached the necessary conclusions.

Expensive decisions lie ahead for European governments re-equipping their air forces with fighters. **David Buchan** looks at the pressure to collaborate - and the problems

A dogfight between good friends



SOME BIG POLITICAL decisions with large price tags are soon to be taken, which will give the European jet fighter market its shape into the 21st century.

First: this autumn, Britain, West Germany and Italy, the three countries that built the Tornado fighter have to decide, with Spain, whether to go ahead with expenditure of about £5bn just to develop, as distinct from producing, the European Fighter Aircraft (Efa).

Second: the US Government has soon to decide whether it is ready for the first time, to collaborate with allies in designing a major combat aircraft. If McDonnell-Douglas and General Dynamics are to maintain, and perhaps expand, their share of the European fighter market with updated versions of their F-18 and F-16, respectively, Washington must let them share research with allies.

Third: France which two years ago dropped out of the Efa consortium has to decide whether to go it alone into full development of its Rafale fighter, even if it can find no partner with which to split the cost. This dilemma coincides with a slump in the export-oriented French defence industry, dragged down by its aerospace leader, Dassault, which has seen profits fall by 90 per cent in the first half of this year and has laid off hundreds of workers after failing to sell a single new combat aircraft in the last two years. Ironically, France's most probable industrial partners on Rafale are American.

An estimated £20bn for development and production of 800 Efas or, worse still, FFr 130bn (£10bn) for up to 330 Rafales are vast sums to spend on manned aircraft which, to many analysts, seem increasingly vulnerable to, and replaceable by, modern missiles. But the threat of new Soviet fighters like the Sukhoi-27 (Flanker by its Nato name), faster and heavier than the West's current top-of-the-line F-15, beckons Western jet designers to ever-new combinations of "kilonewtons" of engine thrust and "fly-by-wire" computers to control the deliberately unstable - and thus agile - airframes of the modern fighter.

In frontline military aircraft, as in no other aspect of modern defence except nuclear weapons, feelings of political prestige run as deep as costs run high. "We can't afford to do it, but we can't afford not to, is the schizophrenic attitude of many (middle-size) countries to jet fighter manufacture.

In 1950 a fighter could be bought for well under £1m; today's Tornado costs £18m. In 1950 the combined air forces of the UK, France, West Germany, Italy and Spain had 7,000 combat aircraft; today they have 3,000. With this sort of cost inflation and force depletion, why, one might ask, not buy off another country's shelf and let that country foot the aircraft development bill?

Many smaller European and most Third World countries do just that, although almost all want some transfer of technology and shared production. But most middle-size industrialised countries insist that, prestige aside, buying off someone else's shelf, although initially cheaper, ends as a false economy.

They argue that a foreign seller can dictate, even to a country producing an aircraft under licence, the cost of spares and in-service support. According to Mr Gerrie Willox, the British Aerospace executive who now

In frontline military aircraft, as in nuclear weapons, feelings of political prestige run as deep as costs run high

directs the Munich-based Eurofighter consortium responsible for Efa, these extras typically represent over half the total lifetime cost of a military aircraft, or more than development and production combined.

Then, there is the spin-off argument. Mr Colin Green, general manager of Eurojet, the four-nation consortium developing the Efa engine, says: "Without a viable military programme, it is hard to see how civil (engine) programmes can continue," and claims that in the case of his company, Rolls-Royce, there is considerable civil-military "cross-feeding".

Lessons from the operation of military engines at higher thrust and temperatures can be applied to civil aviation, while experience from the civil emphasis on fuel saving and noise reduction flows in the opposite direction.

In addition, military planners often say that a straight import would not meet their "operational requirements." Some of these specifications are impossible for laymen such as ministers to understand and thus contest. Others are comprehensible and clearcut. For instance, a key reason why France fell out of the Efa group in 1985 was that it wanted a lighter-weight fighter both to export and to land on its navy carriers. The four remaining Efa countries had less interest in export and none in putting the Efa to sea.

The ultimate, and essentially political, argument in favour of fighter-building is that once a country drops out of the business, it never gets back. Strategically, this should hardly matter to Europe, as long as the US remains an ally likely to fight the same war against the same enemy.

Having a domestic production base that could ,say, double output to eight aircraft a month in wartime seems irrelevant when a future war could be decided in hours, if not minutes. But Europe, as a collaborative whole, is even less likely to give up making military aircraft now, when the change in East-West relations is pushing it to do more for its own defence.

In addition, the European military aircraft industry has the US in its sights as commercial enemy just as much as it sees the Soviet Union as its military adversary. "You must see Efa together with Airbus and the Tornado, which has won a lot of practice bombing competitions in the US," says a Eurofighter executive. "In that perspective, the European fighter industry has become a threat to US companies, which, with their rival offers of F-18 updates and the like, want to kill off not only the Efa project, but the whole industry".

There is, or should be, relative stability in the market. Both Europe (as characterised narrowly by the Efa consortium) and the US companies look like maintaining in the 1990s the main markets they won in the 1970s and 1980s. The struggle is more at the margin, for markets like Belgium, which has links to France through past Mirage purchases, to the US through its current mainline operation of F-16s, and to the Efa partner countries, which are its closest military collaborators.

But the curious position of France over the Rafale has created a new fluidity. Traditionally, the most *anti*-American of Nato allies, it now seems, faute de mieux, the major European country most driven to industrial collaboration with the US. McDonnell-Douglas seems to have a serious chance of supplying 20 to 30 F-18s for the Foch and Clemenceau aircraft carriers, which will lose their obsolescent Crusader fighters around 1993, before a naval version of the Rafale can possibly be airborne. McDonnell-Douglas has also been discussing in Paris collaboration on updating the F-18 and making the Rafale. Thomson-CSF is in search of radar technology from Texas Instruments to put in the Rafale's nose.

Reciprocity in transatlantic defence, as well as civil trade has also become a political demand from Washington. The recent increase in US purchases of arms from Western Europe has caused a protectionist backlash on Capitol Hill. This is despite the fact that such imports only amount to $3bn (£1.7bn) a year, or just 2 per cent of total US defence procurement of $150bn a year.

Every industrialised country has the choice of making its defence equipment itself, making it in partnership, or importing it, but the decision is easier for some countries than others.

Sweden, for instance, feels its policy of quite heavily armed neutrality requires a formal go-it-alone approach. This, however, masks a high degree of imported technology, such as the wing materials, Ferranti radar components and Hughes cockpit displays that have gone into the new Gripen fighter and may help keep it within its relatively modest budget of Skr 40bn (£3.7bn) at current prices for development and production of 140 fighters.

Japan is under the opposite compulsion to appear to buy off the US shelf. To mitigate Washington's complaints about Japan's huge trade surplus, Tokyo is soon to buy either the F-15 or F-16 design for its FSX aircraft, but will then spend as much as $6bn on just 150 aircrafts, much of it on further development. Likewise, Israel's recent decision to cancel its Lavi fighter was painful in domestic terms, but ultimately inescapable. It could not spend $1.5bn and more from the US to build only 250 aircraft, against the donor country's veto.

The US Government can afford to make fighters by itself,but individual US companies no longer can. They are, for the first time, teaming up to develop new fighters for the air force and navy and helicopters for the army, to share financial and technical risk. These companies are only doing what many European countries have done for some time.

If all goes to plan, Efa will be in full development early next year. But there are last-minute nerves in Bonn. West German resolve has been shaken by ever-rising estimates of Bonn's share of Efa development, from DM 4bn (£1.3bn) two years ago, to more than DM 7bn (£2.34bn) this summer and even higher now , in an unpleasant reminder of the cost overrun on the GR strike version of the Tornado. Competing for defence D-Marks is the Franco-German PAH-2 project, which Chancellor Helmut Kohl is keen to revive for political reasons.

Part of the reason why West Germany is shakier on Efa than London, Rome or Madrid is its indulgence in more open debate about military matters than the other partners. The powers occupying Germany after 1945 insisted on visible scrutiny of defence projects there, a lesson in democracy some of them have never applied to themselves. Thus, at parliamentary insistence, Bonn has examined more openly than other Efa partner countries the alternative of buying the F-18.

It is still possible that Bonn will bring down the whole Efa edifice by opting out when the issue comes up for government consideration later this month. So, the UK Government hopes that a meeting today of the Equipment Policy Committee (EPC) of its Defence Ministry will stiffen German resolve. The EPC will have before it a paper setting out UK alternatives for replacing Jaguars and Phantoms: more Tornados and Harriers, some F-18s, development of a purely national fighter known as P120 designed by BAe, and the Efa. There is no doubt that the EPC will choose the last.

The UK has the same 33 per cent share of Efa output and cost as Germany, but seems more set against any alternative to the project. The last military fighter the UK made by itself was the Lightning, a generation ago; the P120 design is described as "a yardstick" against which to measure Efa. The last fighter the UK bought abroad was the Phantom in the mid-1960s, and the RAF does not think the F-18 would be up to the job in the 1990s.

There is, however, sympathy in Efa partner countries for France in its Rafale dilemma, which the present French Government inherited and for which the late Marcel Dassault was partly responsible by insisting on his preference against the other Efa four.

The betting is that a combination of Gallic pride and Pentagon bureaucracy will prevent US-French co-operation going very far, and that Efa and Rafale, if they both go ahead, will be linked industrially through common components. Any future European fighter, it is assumed, must include France.

Men and Matters

Hong Kong bets on education

Hong Kong appears to be establishing a kind of academic mafia with the appointment of Dr Woo Chia-Wei as vice-chancellor of the territory's third university, due to open its doors in 1991.

For Woo, who is currently president of San Francisco State University, was Shanghai-born, as was his recently-appointed counterpart at the Chinese University in Hong Kong, Dr Charles Kuan Kao. Hong Kong's third vice-chancellor, Professor Wang Gungwu at the University of Hong Kong, may not be able to boast family roots in Shanghai, but a university education in Nanjing, the first city up the Yangtze from Shanghai, gives him good credentials for membership of the territory's academic "Yangtze mafia".

The appointment of Woo, whose tertiary education has been entirely in the United States, and who has been a professor of physics at various US universities over the past 20 years, also illustrates the vast reservoir of overseas Chinese talent that is being plundered with increasing frequency by organisations in Hong Kong, and indeed in mainland China.

Professor Kao, who took up his post as vice-chancellor of the Chinese University just a month ago, is a specialist in fibre optics and came to the university after being senior scientist of the ITT Corporation in the US.

Hong Kong's third university, to be called the University of Science and Technology, will start life in 1991 on a picturesque campus in Hong Kong's north eastern New Territories.

Focusing on science, engineering and business management, it is intended to provide urgently-needed extra opportunities for tertiary education, and to produce a new generation of scientists, technicians and scientifically-capable entrepreneurs who can maintain the territory's competitive niche in world markets well into the 21st century, particularly in the electronic industries.

Hong Kong's two existing universities, two polytechnics and eight technical institutes currently offer 33,000 places for tertiary education.

It is a measure of how inadequate this is in meeting local demand for higher education that more than 30,000 Hong Kong students currently fill places at universities in Canada, the US, the UK and Australia. The new university will, by the mid-1990s, offer about 7,600 additional places, with the government aiming to provide 50,000 places by 1997.

While Woo said in San Francisco yesterday that his first major task would be to find senior academics of the right calibre to fill professorial and administrative posts in the university, his first real hurdle will be to come to terms with the free-wheeling realities of a Hong Kong he last saw as a secondary school pupil - not least that the lion's share of the HK$2.2bn needed to fund the university will be the fruits of gambling. A donation of HK$1.5bn was made recently by the Royal Hong Kong Jockey Club.

Air worthy

The $170m contract awarded for a US Navy airship that I mentioned the other day is providing fresh momentum for a corner of the air industry which has been out of favour since the great passenger dirigibles failed in the 1930s.

Airship Industries, the British company working on new non-rigid airship designs, is now under the command of Mike Hoffman.

To handle the contract it has joined forces with the US group Westinghouse to form Westinghouse-Airship Industries Inc.

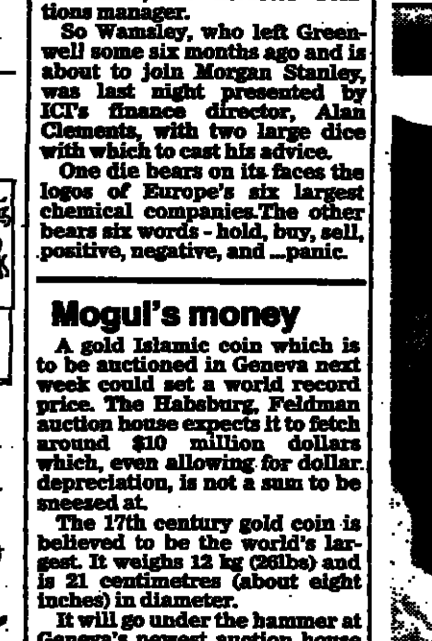
An American Navy man, Rear Admiral Edward Hogan, has now been made president of the joint company.

As the US Navy will be the customer and the US government the paymaster during the building and trials of the new radar surveillance airship Hogan appears to be an excellent choice to act as the project's link-man.

He is respected both for his engineering and his naval and flying skills.

As a test pilot he established the Top Gun Academy, the US Navy's fighter weapons school. He commanded an aircraft carrier and served as the Navy's chief test pilot.

Coming down from the skies he has been head of US Navy public affairs for the last two years before retiring.



"Used to be swings and roundabouts - now it's interest rates and electricity prices."

Roll on

ICI has decided to provide some extra help, I hear, for leading chemicals industry analyst, Stuart Wamsley, who has just completed 25 years in the business.

"We thought we should help him to celebrate by making his job easier in future," says Eddie Gallacher,ICI's investor relations manager.

So Wamsley, who left Greenwell some six months ago and is about to join Morgan Stanley, was last night presented by ICI's finance director, Alan Clements, with two large dice with which to cast his advice.

One die bears on its faces the logos of Europe's six largest chemical companies.The other bears six words - hold, buy, sell, positive, negative, and ...panic.

Mogul's money

A gold Islamic coin which is to be auctioned in Geneva next week could set a world record price. The Habsburg, Feldman auction house expects it to fetch around $10 million dollars which, even allowing for dollar depreciation, is not a sum to be sneezed at.

The 17th century gold coin is believed to be the world's largest. It weighs 12 kg (26lbs) and is 21 centimetres (about eight inches) in diameter.

It will go under the hammer at Geneva's newest auction house on Monday evening with another, smaller Islamic coin of the same period valued at $4m.

The 22-carat coins, which are inscribed with Arabic and Persian verses, were minted by two Mogul emperors as ceremonial gifts to reward high officials.

The larger coin, known as the 'One Thousand Mohurs', was minted for emperor Jahangir of Delhi in 1613.

The smaller coin, the 'One Hundred Mohurs' was minted in 1639 by Jahangir's son, Shah Jahan - who built the Taj Mahal at Agra for his favourite wife.

The British Museum in London owns a plaster cast of a comparable coin, the 'Two Hundred Mohurs', - a coin since lost.

Cashing in

Heard in the Law Courts: "He told her that everything he had in the world was hers - and now she wants it."

Observer

POLITICS TODAY: Malcolm Rutherford

Next move, next door?

Lawson for PM? A logo for Lord Young. A song for Brooke

Brooke: should do the job well and may be more than a stopgap

THERE IS a curious assumption, even among some of his best friends, that Mr Nigel Lawson has no interest in becoming Prime Minister. That has always seemed slightly dubious, if only on the ground that few politicians would be likely to turn down the job, were it remotely on offer.

After his handling of the BP issue, his Autumn Statement and his Mansion House speech this week, the question is again being asked: is the Chancellor a runner?

Certainly Mr Lawson would have all the aversion of a Coriolanus to going out and soliciting. Coriolanus is, in fact, his favourite Shakespeare play. And one very much doubts if he would like to be leader of the opposition. Yet it must have crossed his mind that his abilities, and now his reputation, are at least as high as those of any of the other potential candidates for the succession.

Moreover, he might make a very good Premier, especially following Mrs Thatcher. Where she has been all busy and interventionist, directing the work of any Department thought not up to scratch, he would stand back and let Ministers get on with their departmental tasks, believing that once the economy was on the right lines, most other problems would begin to solve themselves. For the Chancellor is one of nature's conservatives: he does not see the case for unnecessary change. After the years of Thatcher radicalism, he could be the antidote: one of those consolidators long sought after by Mr John Biffen.

At present the question is academic because there is no vacancy. One day there will be. In the absence of an obvious successor, the Party is stuck with a system of electing a leader that seems designed to ensure that a relative outsider will win. If there is no clear victor in the first ballot of Tory MPs, there is a second ballot into which new candidates may enter. If there is still no clear winner, there is a third ballot using the single transferable vote: that means allowing MPs to state their second preference. The process could be extremely messy, leaving the least disliked but not necessarily most capable candidate to come out on top.

No-one is suggesting that Mr Lawson should throw his hat in the ring now, but he does himself no service by letting his friends put it about that he has no interest in the matter whatsoever. He should also quash the rumours that he has his eye on the Foreign Office, a post for which he is quite unsuited and which he, by temperament, would find peculiarly tedious.

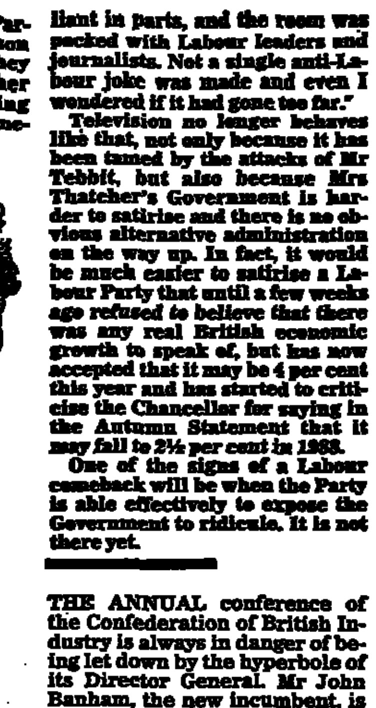
Consider a final point. Mr Lawson is now the one Minister whom Mrs Thatcher could not possibly sack. His enforced departure would send tremors through the City and the wider world. No other Minister in any of her administrations has been in such a position of strength.

THERE WAS a Balliol song about Mr Peter Brooke, the new Chairman of the Conservative Party, to the tune of the Halls of Montezuma. The first verse went: "I am the weighty imperious Peter Brooke, And to my virtues I'm not blind. I have leadership, if not initiative, And a first rate fourth class mind."

I had remembered the last line as being: "A fourth rate first class mind", an altogether sharper phrase that can be applied to a number of people one comes across, perhaps especially top civil servants of the older school.

Mr Tom Braun, the author of the words and now Dean of Merton, assures me, however, that "first rate fourth class" was what he composed and that Mr Brooke did indeed get a fourth: a rare distinction.

Yet it is not at all true that the new Chairman was plucked from nowhere after Lord Young had turned down the job because he was not to be allowed to combine it with the full panoply of his powers as Secretary of State for Trade and Industry. Mr Brooke, after all, was already Paymaster General, one of the closest posts to the Cabinet without being in it. He was also a favoured choice of Chancellor Lawson and, among others, two previous Party Chairmen, Mr Cecil Parkinson and Mr Norman Tebbit. They thought that Mrs Thatcher would succeed in appointing Lord Young, but preferred someone else. Mr Brook fitted the bill admirably.



Lawson: the Minister Thatcher could not possibly sack

Mr Braun says that by describing him as "imperious" he really meant "genial". Mr Brooke is indeed very genial. He should do the job well and may be more than a stopgap.

Incidentally, the reports that described Mr Brooke's father, Henry, as a controversial Home Secretary, were a bit mellow. He was not so much controversial as accident-prone. Practically every single problem that could fall into a Home Secretary's lap fell into his. Without him, the television programme That Was The Week That Was would never have been as lively.

Mr Tony Benn records in his diaries watching it at the Labour Party Conference in Bridlington in 1963. "It was savage and brilliant in parts, and the room was packed with Labour leaders and journalists. Not a single anti-Labour joke was made and even I wondered if it had gone too far."

Television no longer behaves like that, not only because it has been tamed by the attacks of Mr Tebbit, but also because Mrs Thatcher's Government is harder to satirise and there is no obvious alternative administration on the way up. In fact, it would be much easier to satirise a Labour Party that until a few weeks ago refused to believe that there was any real British economic growth to speak of, but has now accepted that it may be 4 per cent this year and has started to criticise the Chancellor for saying in the Autumn Statement that it may fall to 2½ per cent in 1988.

One of the signs of a Labour comeback will be when the Party is able effectively to expose the Government to ridicule. It is not there yet.

THE ANNUAL conference of the Confederation of British Industry is always in danger of being let down by the hyperbole of its Director General. Mr John Banham, the new incumbent, is no exception. He told the conference in Glasgow this week that since "that golden day in 1966" when England defeated West Germany in the World Cup, the Federal Republic had gone on expanding. In the last eight years, he said, the West Germans "built 750 more miles of motorway than we did."

Yet anyone remotely alert must have noticed by now that the British road system is no longer all that bad and also that West German economic growth nowadays has to be seen through a microscope.

There may be bottlenecks and a few gaps on the motorway map, but road building was one of the achievements of British Governments when the country was down in the dumps. As for German growth, it is the lack of it that is causing trouble, not the excess.

The CBI apart, Glasgow revisited is a revelation. It was the first of the great British cities to fall into decay and the first to begin to recover. The start of the revival predates the Thatcher Government. A lot of public money and thought was spent on Scotland in the late 1970s and, around Glasgow, it has begun to pay off. More recently there has been a partnership between public and private enterprise: the heads of banks and industry, of the University and Scottish TV work with the local and regional authorities and the Scottish Development Agency to achieve civilised development. And it shows. Glasgow is recovering its self-confidence: not yet the Munich of the north, but coming along.

Banham: Director General of the CBI, who is given to hyperbole

There was an unusual fringe event. The design people at the CBI asked the Glasgow School of Art to organise a live seminar to show delegates the importance of design. The first project put up was how to provide a new corporate image for the TUC. That was dismissed as inappropriate for a CBI conference. So the Manpower Services Commission stepped in at the last minute and asked for advice on a corporate image for the new Training Commission, as Lord Young is determined the MSC must be called in future.

Designers and art students alike were appalled at the new title and said that designers should have been brought in at the start before being landed with an impossible brief. The brief had Lord Young written all over it: "five major thrusts and eight major strategic objectives."

After preliminary discussion we were divided into three groups to come up with ideas. The results were astonishingly good. Both the professional designers and the representatives from the MSC were kind enough to say that we had achieved in three hours what would have taken a Government department and a private agency several weeks. I shall watch with interest what the Training Commission comes out with when it is formally launched during the middle of next year.

The UK Economy

The misleading events of October

By Andrew Britton and Simon Wren-Lewis

THE BRITISH Chancellor, Mr Nigel Lawson, has been quick to blame the Americans for the world crisis, but the stock market in this country was also excessively buoyant. Very real improvements in industrial performance and profitability were exaggerated by market exuberance and by political posturing around election time. Awakening from this dream is an unpleasant experience - but not necessarily, in the longer term, a damaging one.

The immediate effect of the stock market crash is the destruction of wealth. The value of that wealth may have been based on illusory optimism, but it was real enough to the individual owners of shares. Some individuals and firms will now be more concerned to save, less willing to consume or to invest than they were a few weeks ago. The scale of the effect is difficult to estimate exactly, but econometric work has been done which helps to establish broad orders of magnitude.

Economic forecasters in France, Germany and other European countries seem to agree that the direct effect on spending this side of the Atlantic will be limited, perhaps almost negligible. Equities are only a small proportion of personal wealth in Europe. Even in the UK, where holdings of equities are more important, they are in the main still seen as long-term investments to be realised only in special need or on the death of the holder. The relationship we at the National Institute use to forecast household consumption takes the value of personal sector financial assets into account, but the effect of wealth on spending is a slow response spread over several years. Even now, the impact on spending of the doubling in UK equity prices between 1982 and 1986 is not yet fully evident.

One cannot be so sanguine about the prospects for the American economy. As direct ownership of shares is more widespread, the effect on consumption is expected to be larger; our estimate is that consumption will be reduced by about ½ per cent next year.

Prospects for the growth of the world economy next year must be less buoyant than they were a few weeks ago, but the change should not be exaggerated. We still expect the growth rate of the main industrial economies to average over 2 per cent.

In some respects the prospect is actually improved. Interest rates are now less likely to rise, more likely to fall. The trigger for the stock market collapse was a realisation that the authorities in Germany and Japan seemed prepared to see a rise in their short-term interest rates, and the US would at least have to follow this if the dollar was not to collapse. If a general rise in world interest rates had occurred, a recession in the world economy would have been possible. However, the stock market fall has stopped that process in its tracks, and US interest rates have fallen back significantly compared to three weeks ago.

The German and Japanese authorities have been slower to react. Even the UK seems reluctant to move interest rates down decisively. The two ½ per cent cuts that have been made are probably insufficient. Public lectures about the American economy are no substitute for effective policy action at home. Given a realistic judgement about US policy action, the dollar target under the Louvre accord was too high. We at the National Institute had therefore been expecting the dollar to fall again; hopefully this experience will reduce inflationary concerns in Germany and Japan and so bring their interest rates back down again. It is widely believed that interest rates influence demand, especially in America, but also in other industrial countries, including the UK.

So far as Britain is concerned we are not revising down our forecasts of 2 to 2½ per cent growth next year. Other forecasters, including it seems the Chancellor, are moving their forecasts down into line with ours. We have not shared the excessive optimism of which stock market over-valuation was a symptom. Clearly we must take account of the effects of the stock market fall on consumer spending and on exports. But there are other recent developments, of at least the same importance, that point in the other direction - towards stronger growth rather than weaker.

The news about the British economy has almost all been good for several months now. Output levels in the first half of the year have been revised upwards; the indicators for the third quarter are also encouraging. The message is a consistent one, whether one looks at the labour market with unemployment falling fast and vacancies rising, or at consumer spending, or at the trade statistics. Exports continue to rise strongly, as do imports. Higher imports may spell trouble on the balance of payments in the longer term, but they are also a pointer to growth in the home market. Rapid growth through 1987 almost ensures a considerable increase in 1988 year on year. The latest survey results from the CBI are particularly encouraging, suggesting higher investment spending and an increase in employment. All this predates the "events of October", but it is still relevant to the prospects for next year.

The British economy is a very open one. But our exposure now is to Europe rather than to America. The success of our exports over the past year owes much to the advantages of a stable and competitive exchange rate against European currencies. The rise of sterling against the dollar, and the continuing uncertainty surrounding that rate, have mattered much less. Indeed a higher rate of sterling against the dollar is helpful in reducing inflation and in maintaining the growth of real incomes in Britain.

A new factor has been introduced into economic forecasts and their uncertainty is increased. We are reassured, however, by the reports we hear or read from those most closely involved in British industry. They say, with one accord, that nothing has happened to justify reducing the value of their companies by a quarter or a third. That is surely correct, although one must add that the far greater rise of the preceding five years may not have been altogether justified either.

Andrew Britton is the Director and Simon Wren-Lewis is in charge of world economy forecasting at the National Institute of Economic and Social Research in London.

Letters to the Editor

Electricity price rise

From Mr D. Goch

Sir, The Energy Secretary's announcement of forthcoming increases in the cost of electricity to the consumer has been related, *inter alia*, to the need to provide for the funding of future capital investment programmes. If there is any truth in this suggestion then it sadly perpetuates the policy of state industries, by which today's customers are made to pay for the capital funding requirements of future generations of consumers.

Given that many people would like to see an element of private sector investment in the electricity generating industry - but bearing in mind the post-BP risks implicit in a full scale sell-off of the generating stations - perhaps we ought to consider a different approach to privatisation. If the present assets of the CEGB were to be transferred to a new public limited company, with the Treasury holding the resulting share capital in the form of fixed dividend preference shares, then the private sector investment institutions and private investors could be invited to subscribe for a new issue of equity shares to provide the funding for future capital investment projects.

This capital structure would have the following advantages:

(1) New capital expenditure programmes would not have to be funded by the present generation of consumers.

(2) The requirement to compete for future funding in the capital markets would provide a much-needed spur to efficiency.

(3) It would avoid the break-up of the existing fully integrated generating and distribution system by creating pseudo-competing regional companies.

(4) The Government's retention of an ownership stake would mitigate the problems that might be encountered in the capital markets because of the nuclear stations. Logic dictates that they should remain within the overall generating system.

(5) Future private sector funding would take new investment programmes out of the PSBR ball game.

Over the years, the private sector equity element would become more significant and it might, therefore, be necessary to give the state's shareholding a "golden vote" - but this is not creating a precedent.

Desmond Goch,
4 Paddock Wood,
Harpenden, Herts.

A blow to manufacturing

From the Director General of the British Forging Industry Association

Sir, The shock announcement of an electricity price increase of between 8 and 9 per cent next April, and a probable further 6 per cent in 1989, will deal a body blow to UK manufacturing industry at a time when it has just begun to recover strongly after years of recession. It shows a total lack of appreciation of the need for a partnership between government, industry and the financial institutions, such as exists in Germany and Japan.

If a nationalised industry, or any industry for that matter, is running its affairs properly, it does not suddenly discover that its power stations are antiquated and that 10 new ones have to be built. Such projects are long term and have to be financed on an annualised basis. If a member company in my association put its pricies up by 9 per cent in order to finance a much-needed state-of-the-art press, its customers would very quickly tell it what it could do with its products, and source them elsewhere.

The Government and the nationalised electicity industry cannot escape responsibility for this major blunder. Mr Lawson says blandly that electricity is "just one small part of industry's costs." Does he not know that in our now efficient and profitable steel works, electric arc furnaces account for 25 per cent of total costs? A special steels producer, such as United Engineering Steels, currently spends £55m in electricity: where does he imagine the additional £5m is to come from after the increase?

So, thank you Mr Lawson and Mr Parkinson for this latest piece of crass stupidity from a Government allegedly giving highest priority to containing inflation. It really does make one wonder whether those who took this decision care whether British manufacturing goes down the tube or not.

D. A. T. Powis,
BFIA, Grove Hill House,
245 Grove Lane, Handsworth,
Birmingham, B20 2HB.

Tsarist bonds

From Mr J. Orbach

Sir, Those Russian bondholders who have received no interest for 70 years are no doubt grateful to receive 10 per cent of the face value of the bonds. I presume the Revenue will attempt to obtain capital gains tax despite the fact that there is a clear loss of 90 per cent of the face value and the totality - in some cases - of the 3, 4½ and 5 per cent interest originally promised by the Russian Government.

A tax amnesty seems called for.

John Orbach,
Small's Farm,
Horsmonden, Kent

Piggott and the taxpayer

From Mr F. Deeks

Sir, I must take issue with Mrs M. Beale when she states Lester Piggott "never stole from anyone" (letters, October 31). Along with other PAYE taxpayers I presume that I have had to pay an extra share of the tax burden because of his dishonesty (and that of others of his ilk). I therefore have no doubt that he has stolen from me in this respect.

Mr F. Deeks,
27 Institute Road,
Marlow, Bucks

Education in Hong Kong

From the Chief Information Officer, Hong Kong Government Office

Sir, With reference to a letter by Mr J Schwartz about student needs in Hong Kong (October 27), a strong technical university with close links to industry is, in fact, in the process of being established. The Hong Kong University of Science and Technology is expected to have its first intake of students in 1991 and to have an ultimate intake of 10,000. The university will provide for teaching and research particularly in science, technology, engineering, management and business studies and assist in the economic and social development of Hong Kong. The establishment of the university, at a cost of HK$2.2bn, has been cited by industrialists as a massive vote of confidence in the future of Hong Kong.

Education in Hong Kong is given the largest share of Government expenditure, representing 18 per cent of the annual budget. There is already an integrated and comprehensive system of technical education and industrial training to meet the needs of Hong Kong as a leading manufacturing and financial centre. There are also two polytechnics with about 30,000 students, eight technical institutes with more than 60,000 students and 11 industrial training centres.

Paul Brown,
6 Grafton Street, W1.

CND-supporting MPs

From Mr P. Mercer

Sir, Speaking about the row over plans to appoint CND members to the Commons Select Committee on Defence, Labour MP Mrs Joan Ruddock is quoted as saying: "Any suggestion that people should be excluded because of their political views is profoundly anti-democratic." The case for exclusion, however, has nothing to do with democracy.

During the election campaign, we were told that although the Labour Party was anti-nuclear, it nevertheless supported the North Atlantic Alliance. The CND, however, not only advocates one-sided disarmament but also withdrawal from Nato. If Labour's commitment to the Alliance is sincere, why is it so keen to appoint two staunch opponents to the committee?

During her time as CND chairman, Mrs Ruddock made her view absolutely clear when she attacked Peter Shore for "making oblique references to the Soviet threat without proper analysis as to why such a threat arises and how it might be dispelled." In her opinion, she told the Morning Star (September 7, 1984): "The threat comes from the United States having made Europe the front line in the conflict with the Soviet Union."

If Mrs Ruddock really does regard the United States rather than the Soviet Union as the main threat to the UK, the Ministry of Defence has very good grounds indeed to be suspicious of CND-supporting MPs.

Paul Mercer,
33a Baxter Gate,
Loughborough, Leicestershire.

In support of the DTI

From Mr W. Barlow

Sir, I wish to correct a serious misquotation (November 4) of my speech at the CBI Conference on the subject of industry and Government relations.

I did not criticise the Department of Trade and Industry. Indeed, quite the contrary. I was speaking in its support as I said: "In my opinion this needs a strong Department of Trade and Industry, which can fight cases for industry with the Treasury, (from whom so many contributions seem negative), the Foreign Office, the Departments of Environment, Energy, Transport, Education and the other great offices of state. It is really not effective for us to be tackling all these different ministries individually as individual companies."

Thus my intention was to speak in support of the DTI. I certainly was not speaking in criticism of it.

William Barlow,
BICC plc, Devonshire
House, Mayfair Place, W1X.

FINANCIAL TIMES

Friday November 6 1987

South Africa sets free veteran ANC man

BY ANTHONY ROBINSON IN JOHANNESBURG

MR GOVAN MBEKI, second-in-command to Mr Nelson Mandela and veteran of the African National Congress (ANC), was released by the South African Government yesterday after 23 years in Robben Island prison.

This followed a review of his case ordered by President P W Botha. It is widely seen a test of reaction within the black community and among right-wing whites to the eventual release of Mr Mandela and other jailed leaders of banned organisations such as the ANC and the Pan Africanist Congress (PAC).

Mr Mbeki, who emerged unbowed and unrepentant, was one of eight ANC men jailed in 1964. He was the first of seven black prisoners to be released unconditionally.

Mr Dennis Goldberg, a white communist, was released two years ago after accepting Government conditions that he publically-renounce violence.

Despite Government assurances that Mr Mbeki was being released unconditionally, a Government official said that, although he would be free to do whatever he wanted, he could not be quoted in South Africa because he was a communist.

Asked to define his present position, Mr Mbeki said he was still a communist and still embraced Marxist views. "I am a member of the ANC. The ideas for which I went to jail and for which the ANC stands, I still embrace," he added.

Mr Mbeki said he had spoken with Mr Mandela yesterday who agreed to his release but gave no further details at the press conference, where he appeared in good health but troubled by the bright lights.

Last year, the 77-year-old leader had an operation for eye cataracts. The Government cited his advanced age and failing health as compassionate grounds for his release. In an attempt to head off a possible right-wing white backlash to Mr Mbeki's release and that of four other black political prisoners, the action was counter-balanced by the release of two white former members of the far right Afrikaner Resistance Movement (AWB), Mr Jacob Viljoen and Mr Hendrik Jacobsz, who were jailed in 1983 for plotting to kill Bishop Desmond Tutu and United Democratic Front (UDF) patron, the Rev Allan Boesak.

Two of the four black men released with Mr Mbeki were fellow members of the ANC.

Mr Walter Tshikila and Mr Tom Masuku were jailed in 1978 for killing a white security man while trying to hide arms in a warehouse. The other two are members of the rival PAC which split from the ANC in 1959 in opposition to the ANC's non-racial policies. The split led to development of the Black Consciousness movement in the 1970's and remains a divisive factor in black politics.

The two PAC men released were Mr John Nkosi, jailed since 1963, and Mr Michael Matsobane, jailed for 15 years in the 1978 Delmas treason trial.

A token of Pretoria's confidence

THE RELEASE of Mr Mbeki can be seen as a token of Pretoria's confidence that the ANC is no longer strong enough to challenge the Government's re-established control over the black townships.

Release of the ailing 77-year-old former national chairman of the ANC and secretary of the high command of its military wing, Umkhonto we Sizwe (Spear of the Nation), will be presented by Pretoria as a humanitarian gesture.

But the moral victory arguably goes to Mr Mbeki, who like Mr Mandela and other jailed leaders, refused for years to accept Pretoria's repeated offers of conditional freedom.

Such offers were accompanied by demands for the renunciation of violence and, by extension, the entire ANC strategy of revolutionary overthrow of the "apartheid regime." This strategy was laid down by the clandestine leadership, including Mr Mbeki, in the early 1960s.

It was the ANC's response to the Government's banning of both the ANC and the Pan Africanist Congress in the aftermath of the 1960 Sharpeville massacre.

Mr Mbeki, who was born the son of a chief in the Nqamakwe district of the Transkei in 1910, joined the ANC in 1935 while a student at Fort Hare University.

During his student days, he forged a lifelong attachment to communism. He was influenced both by the mainly white intellectuals of the South African Communist Party and by Mr Max Yeargan, a black American Communist.

Along with other opposition leaders, Mr Mbeki was detained for five months after Sharpeville. Shortly after his release, he formally joined the now clandestine South African Communist Party and in December 1961 was arrested under the Explosives Act.

He went underground after being acquitted on a technicality in 1963, and became a founder member and secretary of the high command of Umkhonto.

In July of the same year, he was arrested with other leaders at Umkhonto's headquarters, a farm at Rivonia outside Johannesburg. Alongside Mr Nelson Mandela, Mr Walter Sisulu and other leaders, he was given a life sentence for sabotage.

As number two in the ANC hierarchy, Mr Mbeki assumed the leadership mantle on Robben Island when Mr Mandela was transferred to Pollsmoor Prison on the mainland in 1982.

Like Mr Mandela and others of his generation, Mr Mbeki is a mythical, symbolic figure of resistance to millions of blacks.

His release will be welcomed in itself and as a pointer to the eventual release of Mr Mandela and other jailed leaders. In many ways, Mr Mbeki's release is a trial run.

After a ruthless war by Pretoria against ANC cadres at home and abroad, the harassment and detention of United Democratic Front and other anti-apartheid forces in the churches, trade unions and community associations, the Government and security forces will be watching closely.

Mr Mandela and other jailed leaders could also soon regain their freedom, provided Mr Mbeki's welcome back into the black community takes place without disturbing the relative order established after the loss of more than 2,500 black lives during two years of violent protest.

The stage would then be set for a fresh attempt at a negotiated settlement to South Africa's black-white impasse.

Memory chip moves win US welcome

By Louise Kehoe in San Francisco

THE MOVES this week by the US and Japanese governments to ease semiconductor trade tensions have won broad approval in the US from both semiconductor buyers and users.

Although the moves affect only one aspect of the protracted trade dispute - alleged Japanese memory chip dumping - they represent the first substantial progress towards resolving the row since the signing of the US-Japanese semiconductor trade agreement last year.

Under the pact, Japan agreed to end dumping of memory chips worldwide and to open its market to foreign chip suppliers. US officials say there has been little progress on the market access issue, but that dumping has stopped.

This week the Japanese Ministry of International Trade and Industry (Miti) promised to end memory chip production controls and the floor prices imposed after the signing of the agreement to halt dumping. The US has strongly objected to these measures, which it claims violate the agreement.

President Reagan suspended $84m in punitive tariffs imposed on Japanese computers, televisions and power tools last April in response to Miti's statement and to evidence from the US Commerce Department that Japanese memory chips were no longer being dumped below "fair value" in third-country markets. But $165m in tariffs, related to Japan's alleged failure to open its markets, remain.

The Miti announcement was welcomed particularly by US chip buyers. "Many of our member companies have reported that they haven't been able to purchase needed semiconductors because of alleged production controls by Miti," said Mr William Krist, vice-president of international trade affairs at the 3,700-member American Electronics Association. "These availability problems were causing real injury."

US chip makers also gave "full support" to President Reagan's decision and hailed US the apparent success of trade negotiators in persuading Miti to end memory chip production controls and floor prices.

"Our interest is in selling more of our products in Japan, in avoiding a repetition of Japanese dumping and in our customers being satisfied that they are not being adversely affected by Japanese measures imposed in the name of the semiconductor agreement," said Mr Irwin Federman, chairman of the Semiconductor Industry Association (SIA), the US semiconductor trade group.

For the US chip makers it is important to maintain customer support in their trade battle with Japan. Recently, however, this "alliance" has been threatened by increasing concerns over chip shortages.

Miti's promise to end memory chip production controls will quickly ease chip shortages in the US and may bring lower prices, industry analysts say. It also demonstrates, however, that Japanese companies still control a large portion of the memory chip market.

US chip makers have not re-entered the market for dynamic random access memory (Dram) chips, in spite of rising prices in the wake of the trade agreement. Texas Instruments remains the only significant US Dram supplier.

But US memory chip makers (including those producing other types of memory chips) have benefited from the trade pact, the SIA claims. Because of higher prices they have been able to remain in the market and they have raised capital investment in memory chip products since sanctions were imposed.

The SIA says US companies hold a 9.5 per cent market share in Japan, compared with 8.5 per cent before the imposition of sanctions in April. The association claims, however, that they should hold an 11 per cent share if the pact, which promised foreign suppliers 20 per cent in five years, were being fully implemented.

The US industry rejects Japanese data that suggests higher gains. "The Japanese monitor chip purchases by 64 companies that represent about 75 per cent of the market, but the rest of the market - mostly smaller companies - buy fewer foreign chips," an SIA official explained. US data is based on sales that cover about 95 per cent of US chips sold in Japan, he said.

US semiconductor industry executives acknowledge that the "numbers game" being played by Japan and the US may be futile.

"What we are really looking for are long-term business commitments from Japanese customers willing to design US chips into their new products," explains one of the largest chip makers. That, he says, will require a big shift in Japanese thinking.

Japan hangs on, Page 6

THE LEX COLUMN

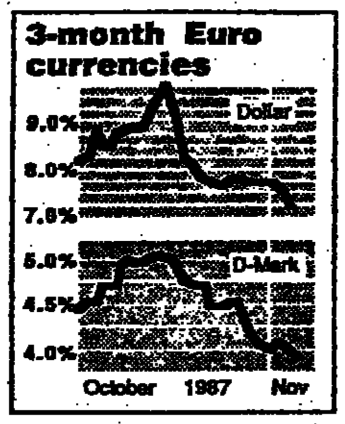
Washington talks the dollar down

Upheavals in the world's securities markets took a back seat yesterday as attention switched to the foreign exchange markets, where the US dollar plunged to record lows against the currencies of most of its major trading partners. European efforts to stem the dollar's free fall, by trimming local interest rates, were quickly shrugged aside as the markets reacted with increasing alarm to the US Administration's erratic policy statements.

The noises coming out of Washington yesterday only strengthened the market's suspicion that the US Government has lost control of the situation. The US Treasury Secretary's widely publicised remarks that he would risk a falling dollar, if necessary, to avoid a recession, were quickly followed by a reaffirmation of the US commitment to the Louvre accord and the maintenance of exchange rate stability. Since the stock market collapsed just over a fortnight ago, the dollar has dropped by almost 7.5 per cent against the D-Mark. Any suggestion that this will somehow help stabilise the world's nervous stock markets is, to borrow Mr Lawson's Mansion House phrase, "manifest poppycock". After all, it was the apparent breakdown of the Louvre agreement which played a key part in triggering the Wall Street collapse.

Against this background, the signs of a co-ordinated European effort to lower interest rates to help stem the dollar's slide went virtually unnoticed. Switzerland did cut its discount rate, but the half point reduction in West Germany's Lombard rate was largely cosmetic and was partially offset by a rise in French interest rates and a fall in US prime rates. The dollar's swift decline has led to great strains within the European Monetary System and the French action has to be seen in this light. Meanwhile, yesterday's drop in US prime rates only served to underline the fact that over the last 2½ weeks short-term US interest rates have fallen by close to 200 basis points, or twice as fast as West German EuroDM rates.

West Germany's cautious interest rate response should be regarded as a gesture of goodwill to the US Administration. It has shown that it is prepared to nudge its interest rates lower, but will probably only be prepared to take the major step of trimming a half point off its discount rate if the Americans can prove that they have the political will to cut their budget deficit. Any efforts by the G7 to mount a support operation for the dollar before the US has shown its hand in this regard would be foolhardy. Meanwhile, the London equity market again showed its domestic preoccupations yesterday, rising by 30 points on a day when the dollar lost nearly 3½ cents against sterling. With splendid inconsistency, it even produced strong rallies in US-exposed stocks such as Cookson and ICI. There may be truth in the notion that market volatility has transferred itself from equities to foreign exchange, but there can still be vicious swings in individual stocks. ICI and Glaxo both produced movements over the day of more than 5 per cent.



BP

The BP flotation is not yet out of the woods, especially if yesterday's rumours about massive Kuwaiti purchases prove true. The BP management may have wanted their shares to be more widely held overseas, but not in such large chunks, nor indeed at such artificially depressed prices. The Government's much-applauded decision to go ahead with the sale could end up looking like obstinacy, especially by contrast with the West German postponement yesterday of the Volkswagen issue.

On the other hand, the Bank of England rescue plan looks more and more cunning on inspection. For the 270,000 members of the public who subscribed for the offer, the cost of selling their 100 or so shares apiece would be around 20p. Since the Bank's 70p purchase price is free of all costs, it would therefore pay the small shareholder to sell out at anything under 90p. Were the market price to end up at yesterday's close of 80p, the Government would be in the ideal position of both rescuing the small investor and holding on to the cash wrung from the underwriters.

Meanwhile, the refusal to specify the length of the buy-back period, while understandable enough, could become contentious. Its effect is that the period can be extended if the price is low, or promptly foreclosed if the price is high. This is extremely handy for the Bank, but creates something of an artificial price for the partly-paid and arguably for the fully-paid as well. The only safe conclusion for the market is that as long as the price is wholly dependent on the 70p floor - and at present it still seems to be - the period will be extended for as long as possible.

Benlox/Storehouse

Pretty is not the epithet usually applied to the work of corporate financiers, but a defence document for Storehouse had to be a designer product. Clearly, Storehouse is keeping plenty back in its defence in case the takeover threat becomes really serious. The Benlox bid can be readily dismissed as having no merit in itself, or much value either in the stockmarket of recent days.

No doubt it is frustrating for Storehouse to be bothered by a frivolous bid which requires an expensive defence. But that is one of the hazards of a public quotation, and the best defence is to have a trading record too good to attract an offer. Thus the bid has some benefit for Storehouse shareholders if it has forced the management to examine and explain the purpose of the combined group and to focus attention on solving its undoubted problems. In a sense, the management is fortunate not to be pursued by a more likely bidder. And Mountleigh is plain lucky, given what has happened since, that its tentative offer was turned down.

The document puts forward some fair arguments for keeping the apparently disparate businesses together, and Storehouse can justifiably say that it understands the link between design and retailing. Yet there is still the feeling that the empire has been put together too hastily and without sufficient thought for retailing practicalities. The Benlox management may not be retailers, but Storehouse has not yet wholly proved its claim to the title either.

BP share buy-back commences

By Richard Tomkins in London

THE BANK of England's offer to buy-in British Petroleum's newly-issued shares at 70p each will open today with a low-key advertising campaign aimed at avoiding a widespread take-up of the offer by small investors.

Contrary to earlier indications, the Bank will buy the shares direct from the public rather than through the marketplace, so no dealing costs, taxes or duties will be charged.

Investors, whether institutional or private, will be able to sell shares by filling in a form, to be published discreetly in certain newspapers, and sending it to the Bank with their renouncable letter of allotment.

The terms of the buy-back arrangement were first outlined last week after the stock market crash caused BP's £7.2bn ($12.53bn) share offer to flop. The aim was to prevent a panic sell-off of the 120p partly-paid shares when dealings began on Friday.

Initially the shares held up fairly well, ending their first day at 85p; but further falls in the wider market have since taken them uncomfortably close to the 70p level.

The Bank fears that with the price this low small investors might calculate that 70p a share net would represent a better deal than a higher price accompanied by minimum dealing costs of £15 plus taxes and duties.

For example, someone with the minimum allocation of 80 shares would need to see a price of about 90p before a market transaction became more profitable.

The Bank argues that investors would be rash to sell their shares for 70p now because the agreement will be in place for between one and two months, and the price might, at a later date, be high enough to make a deal in the marketplace preferable.

Therefore, it is conducting a low-key campaign aimed at what it calls the more sophisticated investor to avoid encouraging large numbers of people to cash in their shares.

● BP's shares yesterday closed 1½p up at 79½p in active trading, amid rumours that the Kuwait Investment Office had accumulated a 4.9 per cent stake.

UK raises arts funding by 10% and plans 'incentive' rewards

BY ANTONY THORNCROFT IN LONDON

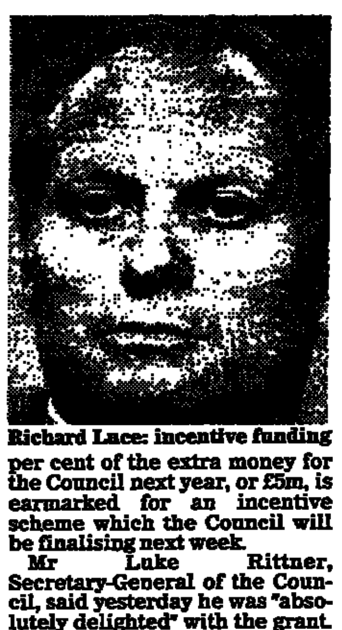
A SMALL REVOLUTION is planned for the funding of the arts in Britain.

Arts Minister Richard Luce yesterday announced that the country's arts budget for 1988-89 is to be raised by 10 per cent as part of a three-year programme to increase Government spending by 17 per cent over the period. He would also introduce "incentive funding" under which organisations will receive some of their aid in proportion to their ability to raise revenues by better box office returns or by attracting private and corporate sponsors.

The Government hopes that by giving arts companies what they have long requested - assured forward funding to help their planning, plus a substantial increase in aid - this once-for-all payout will silence the vociferous arts lobby.

The Arts Council, which distributes the money to regional arts associations and to major companies including the National Theatre and the Royal Opera House, gets the 10 per cent increase, to £150m ($267m) for 1988-89. For the following two years, however, its increase is set at 3 per cent, leaving it with £160m to distribute in 1990-91.

By then the Government hopes that incentive funding will be bearing fruit. Around 4



Richard Luce: incentive funding

per cent of the extra money for the Council next year, or £5m, is earmarked for an incentive scheme which the Council will be finalising next week.

Mr Luke Rittner, Secretary-General of the Council, said yesterday he was "absolutely delighted" with the grant. "The important thing is the three year funding. It gives arts organisations a breathing space in which to adapt to the new climate."

The British Film Institute will receive a 12.7 per cent increase to £11.3m in 1988-89 because of its success in attracting sponsors for such projects as the Museum of the Moving Image, which is about to open. The aid for the leading national museums and galleries is up, from £125.64m to £140.7m, with individual grants to be announced later. The only losers are smaller, local museums, funded through the Museums and Galleries Commission, which must get by with increases below the likely inflation rate.

Mr Luce has raised aid to the Business Sponsorship Incentive Scheme by 70 per cent. Under this the Government hopes to attract new commercal sponsors to the arts by offering matching grants. For 1988-89 its budget will be £3m. In three years 600 companies have helped the arts for the first time through the BSIS.

But in a year's time, when the extra cash has been spent and organisations realise that in 1989-90 they will receive grant increases below the likely inflation rate, the complaints may start again. Mr Luce hopes that most organisations will build up alternative sources of income, encouraged by his incentive funding schemes.

Money for the National Heritage Fund, which has just received a £20m supplementary grant, and the British Library, which is being built in Euston Road, London, are not covered by the Government's proposals.

N. Korea to discuss debt

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

A DELEGATION from North Korea is scheduled to arrive in London in the next two weeks to discuss a debt-rescheduling package with international banks.

After months of often acrimonious negotiations, agreement was reached in September on the broad terms of a rescheduling accord, soon after the country was declared in formal default by the banks on its commercial debt.

The debt, amounting to DM1.4bn (£800m), was lent by two bank syndicates, one led by Morgan Grenfell of the UK and the other by the Australian and New Zealand Banking Group, in the early 1970s to the Foreign Trade Bank of North Korea.

The agreement called for a spreading out of repayments over 12 years. Mr Richard Halcrow, director at Morgan Grenfell, said the banks expected the delegation to arrive in London in the next 14 days.

The North Koreans have recently indicated that they are seeking "new loan negotiations." Mr Colin McAskill, their London representative, said that the suggested wording of the loan documentation was the only matter at issue.

They are understood to have expressed particular concern about provisions for a guarantee. It is not clear whether this means the proposal for an explicit state guarantee, or a provision calling for North Korean to deposit gold in an escrow account to fund the repayments.

$ falls despite intervention

Continued from Page 1

US failed to reduce its budget deficit.

Before interest rates were cut the franc was trading close to its prescribed limit within the EMS of FFr3.43 to the D-Mark, but strengthened to around FFr3.37 soon after.

The Swiss National Bank cut the bank rate from from 3.5 per cent to 3 per cent effective today.

Since the US currency came under renewed selling pressure towards the end of the first week of the stock market crisis, the dollar has fallen against the D-Mark by nearly 7 per cent, the yen by almost 6 per cent and the pound by almost 7 per cent.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	19	66	Dubrovnik	S	13	55	Malta	F	17	63	Rhodes	S	15	59
Algiers	C	22	72	Edinburgh	S	7	45	Manchester	C	8	45	Rio de J'o	S	26	79
Amsterdam	C	9	48	Faro	C	19	66	Manila				Rome	S	17	63
Athens	F	11	52	Florence	S	15	59	Melbourne	C	15	59	Salzburg	S	11	52
Bahrain	S	31	88	Frankfurt	S	8	46	Mexico City	S	20	68	San Francisco	S	17	63
Bangkok	S	33	91	Funchal	R	19	66	Miami	F	30	86	Seoul	S	8	46
Barcelona	S	19	66	Geneva	C	9	48	Milan	F	13	55	Singapore	R	30	86
Beirut	S	22	72	Gibraltar	F	19	66	Montreal	C	17	63	Stockholm	F	10	50
Belfast	C	10	50	Glasgow	C	4	39	Moscow	C	3	37	Strasbourg			
Belgrade	S	9	48	Guernsey	S	10	50	Munich	S	7	45	Sydney	S	22	72
Berlin	C	8	46	Helsinki	S	9	48	Nairobi				Taipei			
Biarritz	S	21	70	H. Kong				Naples	S	14	57	Tangier	F	22	72
Bombay	F	30	86	Innsbruck	S	9	48	Nassau	F	31	88	Tel Aviv	S	21	70
Bordeaux	S	17	63	Inverness	C	6	43	New Delhi	S	28	82	Tenerife	C	25	77
Brussels	C	12	54	Islamabad				New York	C	16	61	Tokyo	S	21	70
Budapest	C	9	48	Istanbul	C	8	46	Nice	S	19	66	Toronto	F	19	66
B. Aires	C	10	50	Jakarta				Nicosia				Tunis	F	21	70
Cairo	S	25	77	Jersey	S	9	48	Oporto	F	21	70	Valencia	C	17	63
Cape Town	S	19	66	Jo'burg	F	29	84	Oslo	Fg	1	34	Venice	S	12	54
Caracas	S	28	82	Lima	C	22	72	Paris	S	16	59	Vienna	S	8	46
Casablanca	F	22	72	Lisbon	C	18	64	Peking	S	9	48	Warsaw	C	6	43
Chicago	S	19	66	London	F	12	54	Prague	F	7	45	Washington	S	23	73
Cologne	S	10	50	Los Angeles	F	14	57	Reykjavik	C	9	48	Zurich	C	5	41
Copenhagen	C	9	48	Luxembourg	S	8	46								
Corfu	S	15	59	Madrid	F	16	61								
Dallas	S	29	84	Majorca	F	21	70								
Dublin	C	10	50	Malaga	C	18	64								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

US-UK relations clash

Continued from Page 1

the budget deficit in both fiscal 1988 and fiscal 1989 and be of such a composition as to carry conviction in the markets.

Mr Lawson was more explicit than before in stating the desirability of such a meeting if there was US action. But he warned that if such an agreement was not in place, the holding of a G7 meeting could have "a devastatingly counter-productive effect on world markets."

He said he would continue to keep UK interest rates carefully under review, and when he decided the fiscal stance in the spring budget he would take fully into account the likely effects of the recent stock market collapse

Labour leaders attacked the Government for being too complacent. Mr Kinnock said that by putting so much stress on reductions in the US budget deficit the Government was "making the White House discussions with Congress the arbiter of British economic policy."

The economic debate was overshadowed by a series of furious exchanges in the manner and subtlety of seasoned heavyweight boxers as Mr Smith sought to counter-attack following Mr Lawson's commanding performances of the past 10 days.

FINANCIAL TIMES
Friday November 6 1987

Telex recapitalises with $878m junk bond plan

BY JAMES BUCHAN IN NEW YORK

TELEX, the beleaguered US maker of computer peripherals and airline reservation systems, yesterday unveiled an $878m recapitalisation plan as insurance against the failure of a higher offer from Mr Asher Edelman, the New York investor.

The recapitalisation plan, which will be wholly financed through debt, is the first unequivocal signal that the $150bn market for low-grade corporate securities – known as junk bonds – is recovering from the blow delivered by the stock-market collapse last month.

Telex stock soared yesterday morning by $3⅞ to $57⅞, in expectation that the plan, which has a theoretical value of $60 a share, would succeed under the firm hand of Drexel Burnham Lambert, the powerful junk-bond issuer which is Telex's financial adviser.

"It shows Drexel can raise money in this market," said an arbitrageur, or professional takeover speculator, in relief."

Telex, which is based in Tulsa, Oklahoma, said yesterday that the plan would be submitted to stockholders if Mr Edelman drops his $65-a-share tender offer. A cloud has hung over the Edelman offer since Telex's stock tumbled in the October 19 crash.

Under the Telex plan, which will create one of the US's most highly indebted companies, stockholders receive $45 in cash and a $15 face-value junk bond for each share. They also keep the shares, although these will be greatly devalued by the transaction.

Telex said Drexel Burnham was confident it could arrange the entire financing for the recapitalisation. Telex expected to cover the cash payout and the plan's expenses through bank borrowings of $475m and the sale of $300m in junk bonds.

New York's arbitrageurs responded with enthusiasm to the cash payout, but were queasy about the junk bond on offer, which is of the class known to traders as a "cramdown."

The security carries a theoretical interest rate of 16.75 per cent, but pays the interest only in more junk bonds for five years. "It certainly isn't worth $15," said one arbitrageur.

Mr Edelman, who is believed to have bought about 8 per cent of Telex at prices under $50 a share, said yesterday that he would extend his $65-a-share offer until November 9.

CBS near to $2bn sell-off to Sony

By Our New York Staff

STOCK IN CBS steadied yesterday after its sharp rise on Wednesday, but the market remained convinced that the broadcasting group was inching towards a sale of its record business to Sony, the Japanese electronics group.

CBS stock lost $½ to $171 in early trading, after its dizzy $6⅝ climb on Wednesday, in response to statements from both companies that the tortuous negotiations were proceeding on the $2bn sale. Sony rose $⅝ to $28⅝ in New York trading.

Mr Fred Meyer, CBS chief financial officer, said that agreement could be reached by the weekend, in time for a CBS board meeting on November 11. "I'd say there's a 70 per cent chance that it will be sold outright, and a 30 per cent chance that it won't," he said.

Sony, which has been pursuing the division as a complement to its consumer electronics business for more than a year, said yesterday that the price of $2bn was not in dispute. The question at issue concerned the assets and liabilities to be included in the sale, the company said.

"It's a question of what kind of balance sheet do we deliver," Mr Meyer said.

The CBS records division, which has contracts with such performers as Michael Jackson and Bruce Springsteen, reported operating profits of $162.1m on sales revenues of $1.49bn last year.

Since the management coup that brought Mr Larry Tisch to power at CBS in September 1986, the group has been systematically raising cash through the sale of such non-broadcasting businesses as its magazine and book publishing operations and a music publishing division.

Shortfall in Trinidad borrowing

BY CANUTE JAMES IN KINGSTON

TRINIDAD and Tobago's external borrowing programme of US$220m for this year has fallen short of the target, forcing the Government to increase its exposure in the domestic money market.

Mr Selby Wilson, Trinidad and Tobago's junior finance minister, says that the Government is still $50m short of its total projected borrowing for the year of $303.2m, which includes $83.2m on the local market. Local borrowing for this year has already reached $95.7m.

Mr Wilson said: "The present adverse international financial market conditions have militated against the ability of the Government to source its planned external borrowing requirements. This has necessitated an increase in the amount originally targeted to be obtained from the domestic market."

Bankers in Port of Spain, the capital, say the difficulty in raising foreign loans is linked to a fall in the country's credit rating because of the deterioration of its oil-based economy over the past three years.

The Government was successful in raising $48.6m through a private placement in Tokyo earlier this year, but it has since been forced to follow this with $40.3m in a local flotation in March, and a central bank bond issue totalling $27.7m in August.

The latest local offering of another $27.7m in floating-rate notes has been oversubscribed, according to government officials. Mr Wilson said the funds which the Government was seeking from overseas would be found from export credit facilities of $120.8m which were already in place, while another $50m was being sought on the Eurodollar market.

The loans are being sought to help reduce an expected increase in the fiscal deficit which reached $777m last year, more than twice the deficit which had been projected by the Government.

The country's economy has been hit by the fall in oil prices, with the petroleum sector accounting for 80 per cent of all foreign earnings. Revenue from petroleum for last year, projected at just under $1bn, fell to $445m. Recurrent revenue for last year fell to $1.45bn, one-third less than 1985 levels.

The failure to reach this year's borrowing target led the Government to cut projected spending in the first half of this year by 17.2 per cent below the corresponding period of last year.

Ingersoll pays £60m for two British newspapers

BY RAYMOND SNODDY IN LONDON

MR RALPH INGERSOLL, publisher of 38 daily and 150 weekly newspapers in the US, yesterday bought a controlling interest in the Birmingham Post and Mail and the Coventry Evening Telegraph newspapers of the UK from Yattendon Investment Trust. The deal is worth more than £60m ($105m).

Mr Ingersoll, chairman and chief executive of Ingersoll Publications, said he believed he was the first US newpaper publisher to buy into the British industry on such a scale.

Mr Robert Iliffe, chairman of Yattendon, said yesterday the two companies intended to invest jointly in other businesses in both the UK and the US. "We are seriously considering further investment in newspaper operations in Britain," Mr Ingersoll said.

Ingersoll Publications has daily newspapers in 17 US states including the Trentonian in New Jersey and the New Haven Register in Connecticut and what is claimed as America's largest group of free newspapers in the St. Louis area. Turnover this year is expected to be $600m.

Ingersoll Publications has daily newspapers in 17 US states as well as one of America's largest groups of free newspapers. Turnover this year is expected to be $600m.

Mr Ingersoll, whose late father was a distinguished editor and publisher of both Time and Life magazines, said he did not rule out any type of newspaper investment in the UK, including national newspapers.

The US newspaper publisher intends to set up a British-based holding company for his new interests. Mr Iliffe, Mr Tim Morris, chairman of the Birmingham Post and Mail, and Mr Geoffrey Battman, Yattendon's finance director, would serve on the board.

The deal gives Ingersoll Publications, based in Princeton, New Jersey, control of the Midlands-based Birmingham Post and Evening Mail, the Sunday Mercury and six associated weeklies in the Birmingham area, the Coventry Evening Telegraph and a large free newspaper.

Ingersoll Publications, which has had financial backing from Drexel Burnham Lambert, specialists in "junk bonds," is a company noted for its cost-conscious style of management.

Mr Ingersoll said yesterday he intended to invest heavily in his Midlands acquisitions through promotion and the re-equipping of the Birmingham press hall.

The two companies have been talking to each other since the early 1980s but it may have been Mr Ingersoll's expertise on free newspapers which triggered a relationship.

The Birmingham Mail is facing intense competition from the Birmingham Daily News – Britain's only free daily newspaper.

National Steel profits at $24m

BY ANDREW BAXTER IN LONDON

NATIONAL STEEL, the three-year-old joint venture between National Intergroup (NII) of the US and Nippon Kokan of Japan, has made good progress but still has to improve its productivity and management of technology, Mr Howard M. Love, NII chairman, said in London yesterday.

The equally-owned venture made net profits of $24m in the first nine months of 1987, and will be "significantly in the black" for the year as a whole, said Mr Love. National Steel lost $60m in 1986.

Mr Love is also chairman of National Steel, although Mr Kokichi Hagiwara was appointed last year from Nippon Kokan to be president and chief operating officer. He said close to 70 Japanese were now working in National's US steel plants.

He paid tribute to the superior talents of the Japanese in managing technology, and said that over the course of the joint venture the percentage of raw material ending up as finished product had risen by three or four points to 78 per cent. Even so, the venture still had to "get itself up" to the 90 per cent levels achieved in Japan.

On productivity, the venture needed to reduce its man hours per tonne of steel produced from 4.1-4.2 to around three to maintain competitiveness. Achieving this would be equivalent to cutting the workforce by 2,500, a reduction which would be more than covered by the company's attrition rate over the next three to four years.

Under terms of the joint venture, Nippon Kokan has right of first refusal if NII wishes to sell or spin-off its stake, but Mr Love gave no indication, contrary to some analysts' expectations, that this was likely in the near future.

If the venture was doing well, he suggested, it might be better for NII's shareholders if the interest were retained.

Steel, in any case, now accounts for just 14 per cent of NII's assets against 80 per cent three years ago.

Following the $400m sale in 1985 of First Nationwide Savings, and the $343m purchase early last year of FoxMeyer, a Denver-based pharmaceutical distributor, Mr Love said drugs distribution was now NII's core business.

Income surges at US insurer

By Deborah Hargreaves in New York

AMERICAN INTERNATIONAL, the New York-based international insurance group, yesterday posted a 31.7 per cent increase in its third quarter net income. Aided by a weaker dollar, the company said it had experienced exceptionally good foreign operating results.

Third quarter earnings rose to $232m, or $1.42 per share, from $176m, or $1.08 a share in the year-earlier period. Earnings per share figures were adjusted for a two-for-one stock split last November.

Revenues for the third quarter rose 21.8 per cent to $2.78bn from the level a year ago of $2.28bn.

In the nine months period, the company reported net income of $674.6m, or $4.13 per share, up from $454m, or $2.80 per share in the year earlier period. Results were boosted by capital gains of $83m, a rise from the $45.3m gained in the year-ago period.

In the first nine months' of 1986 revenues rose to $8.05bn from $6.24bn.

Mr Maurice Greenberg, American International's president said the results reflected "excellent gains" in all areas of the company's business.

Worldwide life insurance operations reported a 19 per cent increase in operating income, largely due to the performance of the company's Far East business, he said.

However, competition in the property-casualty insurance market had put pressure on domestic rates.

"The stock market decline, by all logic, should stem the downward trend in rates given that the industry, by one estimate, lost $10bn in capital since mid-year." The company said the stock market fall had not had a significant impact on its surplus or anticipated year-end premiums.

Operating income for the first nine months rose to $218m from $185.5m a year ago.

GB-Inno in deal with JC Penney

BY TIM DICKSON IN BRUSSELS

GB-INNO-BM, Belgium's largest retailer, is negotiating the possible purchase of an "important" stake in the European operations of J.C.Penney, the major US retailing group.

Both sides said last night that the exact size of the participation was "still under discussion" but GB-Inno commented: "Let's say it will be more than 25 per cent". The company added: "We hope to make another announcement before the end of the year."

GB Inno, which reported a turnover last year of BFr115bn ($3.2bn), plus sales of BFr16bn from franchise operations, has roughly 8 per cent of the Belgian retail market and under tough local laws is effectively prevented from opening new stores.

Much of its recent expansion has thus been outside Belgium - notably in the UK, France, Italy, Spain and the US - through franchise and share participation agreements in the do-it-yourself and fast food fields. A deal with Penney would be a welcome opportunity to increase its presence in the home market.

Penney's European operations are all concentrated in Belgium under the Sarma (supermarkets), Sarma Lux (department stores) and Sarma Star (hypermarkets) names. There is also an important franchise operation, which accounted for two-thirds of last year's sales of BFr27bn. Overall, Penney has 59 stores, against GB-Inno's 200.

"J.C.Penney has invested considerable resources in Belgium in the last few years and we see an asssociation with GB-Inno as an important means of pursuing the development of our operations," Mr Thomas Fox, director of the company's European operations, explained last night.

He added that Penney's strategy was to streamline its activities into the more profitable segments and to concentrate on its US home market, but he emphasised that a takeover was not being discussed.

"We reached breakeven last year, after several years of heavy costs, and we are now profitable," he explained.

Penney, which is the third largest retailer in the US, came to Belgium in the late 1960s hoping to develop in other European countries.

"Over the last 10 years the picture has not been so bright and like others we have had to reassess our plans," says Mr Fox.

"We've made decisions as to where we think we can be most successful in terms of profitable sales," a Penney official said in the US. "We felt the Belgian operations did not belong in our new organisation."

The official added the Belgian operations have not been profitable for Penney.

Last week Penney announced it was dropping its less profitable home electronics, sporting goods and photographic lines and expanding its women's apparel lines.

Penney has been moving for some time to de-emphasise hard goods in favour of the more profitable apparel lines.

Four Italian flotations postponed

By Alan Friedman in Milan

SIGE, the Milan-based investment bank which is one of Italy's most important lead-managers of new share issues, has announced that given the volatile state of equity markets it will postpone four company debuts on the Milan bourse.

The unusual move by Sige, which is part of the IMI state credit insitute, has come as a shock to many brokers and bankers in Milan. The decision was announced by Mr Giorgio Mariotti, director-general of Sige. It will affect issues that would have tapped the market for a total of L388bn ($238m) of new funds.

Mr Mariotti explained yesterday that this decision was taken "in the interest of the market and in order not to flood the market with too many issues at a delicate moment."

The move by Sige assumes unusual importance because it has led most of the important new share issues on the Italian stockmarket over the past two years, including the debut of Benetton and that of Comau, the Fiat factory automation subsidiary.

The Sige decision is bound to affect the fate of several other company issues due to be lead-managed by other investment banks.

It could also affect the much-awaited decision by the Montedison chemicals concern on a L1,000bn rights issue which is meant to help finance the group's recent acquisition of a share stake in Himont, the U.S. polypropylene company. A decision on the Montedison rights issue could be announced at a shareholders' meeting in Milan next Tuesday.

Cash crisis for Oslo property group

By Our Oslo Correspondent

THE OSLO bourse yesterday suspended trading in Bugge Eiendom, the Norwegian property company which holds assets in central areas of London, Oslo and Copenhagen.

The suspension follows liquidity problems caused by a delay of payments by major shareholders subscribing to Bugge's NKr155m ($24m) rights issue launched in September.

Wednesday was the deadline for payments to be made for the rights issue which was, according to Bugge Eiendom, originally substantially oversubscribed. The company also said it was in merger talks and that this has contributed to uncertainty.

Earlier this week Brugge issued a statement denying economic problems. But yesterday it notified bourse officials of the delay on payments for the rights issue and advised suspension of trading.

Bugge's shares, valued at NKr128 apeice and which have seen a high of NKr275, were trading on Wednesday at NKr81.

The company's president, Mr Niels A.B. Bugge, currently in a London hospital, owns some 59 per cent of the company. A further 14 per cent of Bugge shares are distributed among other company members.

The company said that it could now be faced with bankruptcy although it added that it could sell assets to raise the capital it needs. At the end of October it had an operating loss of NKr58m.

The Oslo bourse has accused the company of providing "incorrect" information about its financial status.

Bugge claims substantial investments in shares and bonds with an estimated value of NKr846m. It is involved in the development of property in the Docklands area of London, the acquisition and rehabilitation of new property in Oslo, and property in Copenhagen.

Second-quarter dive at KLM

BY LAURA RAUN IN AMSTERDAM

KLM, the Dutch airline, said its earnings tumbled by 17 per cent in the second quarter of the current year because of the weaker dollar, fierce competition and costlier fuel.

The outlook for the rest of 1987-88 is so uncertain that the Netherlands' flag carrier said no forecast could be made for full-year profits. The prospects for an even lower dollar and continued competition on crucial North Atlantic routes apparently are cause for caution.

KLM, which is 39 per cent-*owned by the Dutch Government*, said that because of the stock market crash it was postponing a previously planned issue of non-voting shares to be launched in Switzerland. The uncertainty of such an offering apparently figured in KLM's cautious comments.

Net income amounted to Fl 143m ($74.5m) in the first quarter, down from Fl 173m a year earlier despite more traffic and higher occupancy rates. Cheaper air fares, especially between Amsterdam and the UK and the US, plus the weaker dollar all squeezed income, which slipped by 1 per cent to Fl 1.49bn from Fl 1.5bn.

More expensive fuel helped *lift overall costs by 1 per cent to* Fl 1.35bn from Fl 1.34bn.

For the first half of the fiscal year profits edged up by 4 per cent to Fl 265m, mostly thanks to the sales of aircraft in the first three months. Total revenue slipped by 1 per cent to Fl 2.88bn while overall costs dropped by the same percentage to Fl 2.63bn.

Support for Norwegian banks

BY KAREN FOSSLI IN OSLO

NORWAY'S central bank attempted yesterday to dispel rumours that the country's banks are *sufferring a liquidity crisis*. It reiterated its commitment of support in a statement saying it is prepared to implement specific provisions to secure the liquidity of the country's banks.

Den norske Creditbank (DnC), Norway's largest bank, and the central bank have been flooded with queries from creditors abroad requesting information regarding the solvency situation of the DnC and other Norwegian banks.

Norway's banks have been hard hit by the worldwide stockmarket crash and are now left to seek a strategy which is likely to force them to base future earnings growth on traditional banking activities. Banks have also suffered from the weakness of the dollar and their heavy exposure to foreign currency dealings.

Mr Trond Reinertsen, managing director of the Norwegian Bank Association, said that for DnC the situation is special due to the large share portfolio losses which it will incur. Earlier this week DnC suspended one of its brokers, pending investigation, for overtrading "way beyond" his limits on the bank's behalf.

Mr Lars Brustad, a DnC bank official, said that there are three sets of limits governing trading, including an overall limit for investments, limits for each market, and limits for each individual company in which investment is made. "It seems that all three limits have been substantially exceeded," he said.

DnC expects to suffer overall *losses of more than NKr600m* ($93m).

Norway's banks have as much as 2 per cent of their assets tied up in stocks as well as stakes in many of their subsidiaries which also have been hard hit by the stock market crash.

Mr Reinertsen said that the banks began the year with a strong income stemming from strong transactions in share growth. "This may now be wiped out," he said.

DnC denied rumours that major foreign banks have suspended their dealings with it and that major losses are also expected from foreign currency dealings.

ISS acquires German group

By Hilary Barnes in Copenhagen

ISS, the Danish international cleaning and security system group, has acquired Rosenmueller Gabaeudereinigung, of West Germany.

The acquisition will place ISS among the five largest cleaning companies in Germany.

KOP seeks FM1.26bn by one-for-four rights

BY OLLI VIRTAREN IN HELSINKI

ONE OF Finland's two leading banks, Kansallis-Osake-Pankki (KOP), plans to raise FM1.26bn ($300m) through a one-for-four rights issue.

The issue consists of 30.75m new shares, including 2m unrestricted shares and warrants for 2.5m unrestricted shares. The shares are priced at FM41 which compares with FM58 for unrestricted and FM54 for restricted shares on the Helsinki bourse on Wednesday.

The rights issue will raise KOP's total capital by FM 615m to FM 2.88bn, making it the biggest company listed on the Helsinki stock exchange. The subscription period will start on November 30.

KOP's timing might be described as unfortunate given the setback to world stock markets, but Mr Jaakko Lassila, KOP's chief executive, believes that the stock market crash is now in a transitional phase and prices will go up again.

The proposed issue, he said, will hopefully contribute to confidence building. He believes investors will absorb the issue because "there is constant shortage of materials on the Helsinki bourse."

The proceeds will be used to improve capital adequacy and reliability. These are satisfactory according to Mr Lassila.

Solvay sells Unitecta operations

By Our Brussels Staff

SOLVAY, the major Belgian chemicals group, announced yesterday that it has sold the paint, rendering and varnish activities of its German subsidiary Unitecta Oberflaechenschutz to Sigma, a subsidiary of the oil company Petrofina.

The price of the deal was not *disclosed but Solvay said the* business had an annual turnover of DM100m ($58.5m).

The disposal, Solvay added, had been made as part of the company's continuing restructuring programme. Unitecta did not fit into any of Solvay's five sectors.

INTERNATIONAL COMPANIES & FINANCE

Japanese shipbuilder reduces interim loss

By Stefan Wagstyl in Tokyo

ISHIKAWAJIMA-HARIMA Heavy Industries (IHI), the Japanese shipbuilding and heavy engineering group which is in the throes of a large-scale cost-cutting plan, yesterday reported a sharp reduction in interim losses.

The company forecast that it would be making profits again by the end of the financial year next March, thanks mainly to money saved in cutting its workforce by 7,500, to 23,000.

For the six months to September, IHI made a pre-tax loss of Y4.23bn ($30.9m), down from Y13.19bn, on sales which fell 8.7 per cent to Y341bn.

Interest payments took Y2bn and financing charges at Ishi Plus, a loss-making Brazilian shipbuilding venture, a further Y1.8bn.

Sales in shipbuilding were 17 per cent down at Y45bn; in the aircraft division (which makes jet engines) they fell 7 per cent; and in the general land machinery division, which includes a power plant operation specialising in nuclear reactors, turnover was also down 7 per cent.

The net loss was Y4.28bn or Y3.23 a share compared with Y12.76bn or Y9.82 a share.

HK Land to develop key city site

BY DAVID DODWELL IN HONG KONG

HONGKONG LAND, among the territory's leading property groups, yesterday unveiled plans to redevelop one of the few remaining sites at the heart of the Central financial district - number 9 Ice House Street - for about HK$1bn (US$128.2m).

The 28-floor office and shopping complex will be linked by an elevated footbridge to the Landmark complex, making a total of 11 buildings in Central owned by Hongkong Land that are interconnected.

The long-mooted development will be the first undertaken by Hongkong Land since it was swept close to financial ruin by the collapse in Hong Kong's property market in 1983.

The site is adjacent to the headquarters of Standard Chartered Bank in Hong Kong, which is currently being rebuilt at a cost of about HK$375m.

At one stage, Hongkong Land had discussed with Standard Chartered the possibility of joint development of the enlarged site, but these talks came to nothing.

Architects for the new building are Wong Tung and Partners, a Hong Kong group. The development will feature a six-storey circular clock tower. Apart from a basement and a three-level shopping podium, the building will have a 24-level office tower.

Rebutting suggestions that the recent stock market crash would puncture demand for office space in the territory's prime business district, Mr Nigel Rich, Hongkong Land chief executive, said: "Notwithstanding events of the last week or so, we still believe there will be a shortage of 'grade a' space in core Central and the market at large over the next five years.

"Some tenants, such as those in the financial service sector, may cut back, and plans for expansion may be cancelled. However, the pure stockbrokers and unit trust managers only account for about 2½ per cent of our letable space. At the same time, other tenants will prosper, like lawyers and accountants."

There is an acute shortage of new sites available in the core Central area for development. One such location was snapped up recently by the Hang Seng Bank, which aims to expand its headquarters building.

● New World Development, another of Hong Kong's main property and hotel groups, yesterday announced after-tax profits for the year to June of HK$845m, a 40 per cent increase on profits last year of HK$603m.

Residential and retail developments that were completed over the year have been fully let, the company said, while the three hotels operated by its New World Hotels subsidiary boasted average occupancy rates of between 77 and 93 per cent.

● Henderson Land Development more than doubled its net profits to HK$639.9m in the same period from HK$301m. The latest result, drawn from a 25 per cent rise in turnover to HK$1.7bn, included extraordinary gains of HK$35.6m where none were registered the previous year.

China Light lifts earnings

BY OUR HONG KONG CORRESPONDENT

CHINA LIGHT and Power, the bigger of Hong Kong's two electricity generating companies, yesterday reported after-tax profits for the year to September of HK$1.67bn (US$214.1m), a 13 per cent improvement on profits a year earlier of HK$1.47bn.

The company said electricity charges would not be increased in the year ahead. Charges are now 20 per cent lower in real terms than they were four years ago, when the first price freeze was announced.

While boosting the group's authorised capital from HK$6bn to HK$8bn, the board announced a bonus issue of one new share for every five already held, to be funded by the capitalisation of HK$960m of the company's reserves.

A prime beneficiary of the issue will be the family of Lord Kadoorie, which is estimated to hold about 34 per cent of the shares in the company. This summer the Kadoorie family narrowly escaped losing control of its other prime corporate asset - Hongkong and Shanghai Hotels group, which owns the Peninsula Hotel.

China Light has benefited from demand which grew 12 per cent last year, and has substantial windfall electricity sales to Guangdong province in mainland China.

Mitsubishi and Hino advance

By Ian Rodger in Tokyo

TWO JAPANESE motor groups have reported a strong profit recovery in the six months to September.

Mitsubishi Motors Corporation (MMC), which recently announced a wide-ranging marketing and product development agreement with Daimler-Benz of West Germany, boosted pre-tax profits 76 per cent to Y9.3bn ($67.8m).

Hino Motors, Japan's leading lorry manufacturer, said its pre-tax profits rose 32 per cent to Y3.9bn. Both companies reported only minor increases in sales, indicating that the profit recovery came mainly from cost reductions and price increases.

MMC sales rose 4.4 per cent to Y824.1bn while Hino increased sales by 5.9 per cent

Brierley reassures IEL shareholders after crash

BY OUR FINANCIAL STAFF

MR RON BRIERLEY, the New Zealand entrepreneur, yesterday moved to ease shareholders' worries after confirming that the collapse in world equity markets had removed about A$682m (US$460.8m) from the value of the investment portfolio at Industrial Equity (IEL), his main Australian corporate vehicle.

He told the annual meeting: "That's the bad news - the good news is that shareholders' funds are relatively untouched in terms of profits and sales."

At IEL's year-end, on June 30, shareholders' funds stood at A$1.27bn. Annual net profits reached A$230.12m.

IEL had no problems in servicing its debt and would return subscriptions for the one-for-10 rights issue announced in September. This was in view of the drop in IEL's share price since then to yesterday's A$1.95 and the refusal of Australian Stock Exchange authorities to allow the company to reduce the A$4 issue price.

Echoing a familiar theme from Australasian takeover specialists, Mr Brierley said the crash could mean some good opportunities for acquisitions. "I would not want to over-emphasise that aspect, but we are essentially a buyer."

● Chase Corporation, the New Zealand property and leisure group, will not make any new property commitments and will delay the start of some developments until financial markets settle, Mr Colin Reynolds, the chairman, told the annual meeting in Auckland.

He said the fall in the market value of associates, in some cases to less than initial acquisition prices or below asset backing, presented rationalisation and acquisition opportunities. This was where "the future action will be."

Chase's listed securities revaluation reserve, which stood at NZ$115m (US$70.9m) on June 30, would now show a deficit of NZ$90m to NZ$100m, he added.

● New Zealand Steel, the steelmaker bailed out by the New Zealand Government last year and now due to be taken over by Mr Allan Hawkins's Equiticorp Holdings, lifted net profits to NZ$8.96m in the six months to September, compared with NZ$8.10m.

This was in spite of a decline in sales to NZ$127.7m from NZ$175.6m. No dividend is being paid ahead of the change in control.

Daiwa House ahead 60%

DAIWA HOUSE Industry, one of Japan's largest home builders, boosted pre-tax profits 60 per cent in the first half to September to reach Y15.39bn ($112.5m) compared with Y9.61bn, Our Financial Staff writes.

It said it was helped by increased domestic house construction and profits from sales of investment securities.

Net profits, which were Y6.84bn from Y4.12bn, are forecast to reach Y14bn in the full year compared with Y10.02bn the year before.

Sales were up at Y220.2bn against Y186.7bn and for the 12 months are projected at Y470bn, up from Y386.6bn. The previous forecast was Y450bn.

SAB

THE SOUTH AFRICAN BREWERIES LIMITED

(Incorporated in the Republic of South Africa)
Reg. No. 69/16025/06

ABRIDGED INTERIM REPORT
for the six months ended 30 September 1987

SALIENT FEATURES
Turnover
Growth of 19% and beer volumes, 12%
Earnings per share
Improvement of 32%
Dividend
Interim increased by 28% to 16 cents
Prospects
Further growth in consumer spending is anticipated for the remainder of the financial year and, therefore, Group earnings should continue to improve, although not necessarily at the same rate as that achieved in the first six months.

INTERIM DIVIDENDS

The Directors have declared the following interim dividends on account of the year ending 31 March 1988 payable on or about 30 December 1987 to Shareholders registered on 20 November 1987:

Ordinary shares
An interim dividend of 16,0 cents per share (last year: 12,5 cents per share)

Preference shares
Interim dividends per share, calculated in respect of the six months ended 30 September 1987, on the following classes of preference shares:
- 6,2% cumulative (R2 each) : 6,2 cents
- 7,0% redeemable cumulative (R1 each) : 3,5 cents
- 7,0% cumulative (R1 each) : 3,5 cents

The dividends are declared in the currency of the Republic of South Africa and payments from the office of the London transfer secretaries (Hill Samuel Registrars Ltd, 6 Greencoat Place, London SW1P 1PL) will be made in United Kingdom currency calculated by reference to the rate of exchange ruling on 14 December 1987 or at a rate not materially different therefrom.

South African Non-Resident Shareholders' Tax at the rate of 14,03% and United Kingdom tax will be deducted from the dividends where applicable.

The relevant Transfer Books and Registers will be closed from 21 to 29 November 1987, both dates inclusive.

2 Jan Smuts Avenue Johannesburg 2001 Republic of South Africa

Copies of the Interim Report will be posted to registered Shareholders and can be obtained from the London Secretaries Barnato Bros Limited 99 Bishopsgate London EC2M 3XE.

SLOUGH ESTATES

Slough Estates plc
(Incorporated with limited liability in England under the Companies Acts 1908 to 1917, registered number 167591)

£50,000,000
10 per cent. Bonds 2007

The Issue Price of the Bonds is 97¾ per cent. of their principal amount, payable as to 25 per cent. on 27th May, 1987 and as to 72¾ per cent. on 27th November, 1987.

NOTICE OF FINAL INSTALMENT

Holders of the above-mentioned Bonds of Slough Estates plc (the "Company") are reminded that payment of the final instalment of 72¾ per cent. of the Issue Price falls due on 27th November, 1987.

No payment after 27th November, 1987 will be accepted by the Company unless accompanied by a further payment representing interest at a rate of 11 per cent. per annum calculated from (and including) 27th November, 1987 to (but excluding) the date of actual payment.

The Company may at any time after 11th December, 1987 elect not to accept payment of the final instalment on and to forfeit any partly-paid Bonds.

Where the Company forfeits Bonds, it shall be entitled to retain the first instalment of the Issue Price previously paid and shall be discharged from any obligation to pay interest on, or to repay, such first instalment.

6th November, 1987

Series 056

US$42,000,000
Short-term Guaranteed Notes issued in Series under a US$280,000,000 Note Purchase Facility
by
Mount Isa Mines (Coal Finance) Limited

Notice is hereby given that the above Series of Notes issued under a production Loan and Credit Agreement dated 30th March, 1983, carry an Interest Rate of 7¼% per annum. The Issue Date of the above Series of Notes is 9th November, 1987, and the Maturity Date will be 9th May, 1988. The Euro-clear reference number for this Series is 47715 and the CEDEL reference number is 910368.

Manufacturers Hanover Limited
Issue Agent

6th November, 1987

Shearson Lehman Brothers Holdings Inc.
(Incorporated in Delaware)

U.S. $500,000,000
Floating Rate Notes Due 1991

For the three months 6th November, 1987 to 8th February, 1988 the Notes will carry an interest rate of 7⅝ per cent. per annum and interest payable on the relevant interest payment date 8th February, 1988 will amount to U.S. $199.10 per U.S. $10,000 Note.

By Morgan Guaranty Trust Company of New York, London
Agent Bank

November 6, 1987

Ente Nazionale per l'Energia Elettrica (ENEL)

SDR 100,000,000
Floating Rate Debentures due 1986
Extendible at the Debenture holder's Option to 1989
Guaranteed by the Republic of Italy

In accordance with the terms and conditions of the Debentures, notice is hereby given that for the Interest Period commencing on November 9, 1987 the Debentures will bear interest at the rate of 6¹¹⁄₁₆% per annum. The interest payable on the relevant Interest Payment Date, May 10, 1988 against Coupon No. 14 will be SDR169.9740.

The US$/SDR rate which will determine the US$ amount payable in respect of Coupon No. 14 will be fixed together with the Interest Rate for the period commencing May 10, 1988, on May 6, 1988.

Fiscal Agent
ORION ROYAL BANK LIMITED
A member of The Royal Bank of Canada Group

NOTICE TO HOLDERS OF
NEC Corporation
(Formerly Nippon Electric Co., Ltd.)

U.S.$80,000,000 5¼% Convertible Bonds Due 1997

Pursuant to the description of the above Bonds notice is hereby given that effective from 5th October, 1987 Daiwa Europe Limited, London one of the Paying and Conversion Agents, has changed its address to 5 King William Street, London EC4N 7AX.

The Sumitomo Bank, Limited
(Principal Paying and Conversion Agent)

U.S. $75,000,000
Southeast Banking Corporation
(Incorporated in Florida, U.S.A.)

Floating Rate Subordinated Capital Notes Due 1997

For the six months 6th November, 1987 to 6th May, 1988 the Notes will carry an interest rate of 7¾ per cent. per annum. Interest due on 6th May, 1988 will amount to U.S. $391.81 per U.S. $10,000 Note.

Morgan Guaranty Trust Company of New York
London
Agent Bank

NOTICE TO HOLDERS OF
Japan Aviation Electronics Industry, Limited

U.S.$40,000,000 3% Convertible Bonds 2000

Pursuant to the terms and conditions of the above Bonds notice is hereby given that effective from 5th October, 1987 Daiwa Europe Limited, London one of the Paying and Conversion Agents, has changed its address to 5 King William Street, London EC4N 7AX.

The Sumitomo Bank, Limited
(Principal Paying and Conversion Agent)

NOTICE TO HOLDERS OF
SUMITOMO FORESTRY CO., LTD.

U.S.$20,000,000 3⅞% Convertible Bonds Due 1999

Pursuant to the terms and conditions of the above Bonds notice is hereby given that effective from 5th October, 1987 Daiwa Europe Limited, London one of the Paying and Conversion Agents, has changed its address to 5 King William Street, London EC4N 7AX.

The Sumitomo Bank, Limited
(Principal Paying Agent, Conversion Agent and Replacement Agent)

NOTICE TO HOLDERS OF
Mazda Motor Corporation

U.S.$150,000,000 7⅝% Bonds Due 1993

Pursuant to the terms and conditions of the above Bonds notice is hereby given that effective from 5th October, 1987 Daiwa Europe Limited, London one of the Paying Agents, has changed its address to 5 King William Street, London EC4N 7AX.

The Sumitomo Bank, Limited
(Fiscal and Replacement Agent)

NOTICE TO HOLDERS OF
SUMITOMO SPECIAL METALS CO., LTD.

U.S.$50,000,000 3% Convertible Bonds 2000

Pursuant to the terms and conditions of the above Bonds notice is hereby given that effective from 5th October, 1987 Daiwa Europe Limited, London one of the Paying and Conversion Agents, has changed its address to 5 King William Street, London EC4N 7AX.

The Sumitomo Bank, Limited
(Principal Paying Agent, Conversion Agent and Replacement Agent)

NOTICE TO HOLDERS OF
NIPPON SHEET GLASS COMPANY, LIMITED

(i) U.S.$25,000,000 3¼% Convertible Bonds Due 1994
(ii) U.S.$40,000,000 3% Convertible Bonds Due 1995

Pursuant to the terms and conditions of the above Bonds notice is hereby given that effective from 5th October, 1987 Daiwa Europe Limited, London one of the Paying and Conversion Agents, has changed its address to 5 King William Street, London EC4N 7AX.

The Sumitomo Bank, Limited
(Principal Paying Agent, Conversion Agent and Replacement Agent)

NOTICE TO HOLDERS OF
SUMITOMO SPECIAL METALS CO., LTD.

U.S.$80,000,000 2¾% Guaranteed Bonds 1991 with Warrants

Pursuant to the terms and conditions of the above Bonds and Warrants notice is hereby given that effective from 5th October, 1987 Daiwa Europe Limited, London one of the Paying and Warrant Agents, has changed its address to 5 King William Street, London EC4N 7AX.

The Sumitomo Bank, Limited
(Principal Paying Agent, Conversion Agent and Replacement Agent)

NOTICE TO HOLDERS OF
Q. P. Corporation

U.S.$70,000,000 2⅞% Guaranteed Bonds 1991 with Warrants

Pursuant to the terms and conditions of the above Bonds and Warrants notice is hereby given that effective from 5th October, 1987 Daiwa Europe Limited, London one of the Paying and Warrant Agents, has changed its address to 5 King William Street, London EC4N 7AX.

The Sumitomo Bank, Limited
(Fiscal, Paying and Warrant Agent)

NOTICE TO HOLDERS OF
Sumitomo Chemical Company, Limited

U.S.$75,000,000 10% Guaranteed Bonds Due 1995

Pursuant to the terms and conditions of the above Bonds notice is hereby given that effective from 5th October, 1987 Daiwa Europe Limited, London, one of the Paying Agents, has changed its address to 5 King William Street, London EC4N 7AX.

The Sumitomo Bank, Limited
(Fiscal Agent and Replacement Agent)

NOTICE TO HOLDERS OF
SUMITOMO CORPORATION

U.S.$70,000,000 2⅞% Convertible Bonds Due 1999

Pursuant to the terms and conditions of the above Bonds notice is hereby given that effective from 5th October, 1987 Daiwa Europe Limited, London one of the Paying and Conversion Agents, has changed its address to 5 King William Street, London EC4N 7AX.

The Sumitomo Bank, Limited
(Principal Paying Agent, Conversion Agent and Replacement Agent)

NOTICE TO HOLDERS OF
Sumitomo Metal Industries, Ltd.

U.S.$100,000,000 10⅞% Guaranteed Notes Due 1992

Pursuant to the terms and conditions of the above Notes notice is hereby given that effective from 5th October, 1987 Daiwa Europe Limited, London one of the Paying Agents, has changed its address to 5 King William Street, London EC4N 7AX.

The Sumitomo Bank, Limited
(Fiscal Agent, Paying Agent and Replacement Agent)

William Dullforce on rifts in Zurich's exchange after October's falls

Swiss take stock of market failings

THE SWISS stock market, to many people's surprise, has been among the hardest hit by the worldwide plunge in share prices.

The Swiss Bank Corporation general index fell 30 per cent from an October 5 peak of 734.2 to reach a low of 512.6 on Wednesday this week. During October almost 27 per cent, or SFr65bn ($46bn), was wiped off the capitalisation of the Zurich share market.

The shock was all the ruder because of the relatively modest advance in share prices earlier in the year. The SBC index had climbed only 10.7 per cent between December 31 and October 5. It is now wallowing some 23 per cent below its year-end level.

Bankers and analysts broadly agree on what happened and why. As they wait agonisingly for signals on economic policy from Washington and Bonn, their conclusions on where the Swiss market is heading are much less coherent.

Zurich was hit by two selling waves after Wall Street's Black Monday on October 19, each of which lopped roughly 10 per cent off the index.

The first wave consisted initially of foreign institutional investors, desperate to raise cash.

The second, more complex, wave was triggered by the fall in the dollar exchange rate - which always produces a knee-jerk reaction from Swiss investors, worried about the effect on Swiss exports.

This time the extent of the reaction was compounded, bankers claim, by selling from the smaller portfolio management concerns, many of which had come into existence within the last three years.

Those with heavily leveraged portfolios were forced to sell once the price decline approached 20 per cent and appeared to be continuing.

One banker said: "Nobody leveraged 1:2 (one equity to two debt) could carry on."

Opinions differ about the administration of the Zurich Stock Exchange. Some foreign investors, who say they were unable to place orders, complained that the market became disorderly - almost an insult to the big Swiss banks, which pride themselves on maintaining a stable, orderly market place.

Sessions were shortened for the leading stocks, which are normally traded continuously. For other stocks, the 10 per cent rule, which stipulates that a halt must be called to trading in a stock where the price has moved more than 10 per cent during the session, was abandoned.

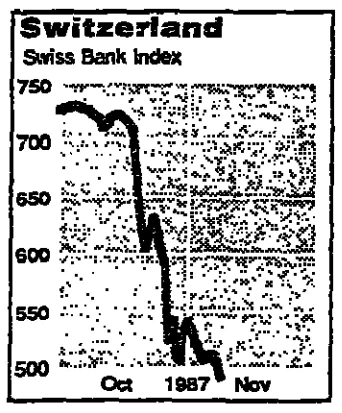
Most controversially, the right to "trade back" - return to a stock passed in the calling of the list - was withdrawn. The result, one banker said derisively, was a 30 second rule, in which trades had to be struck almost instantaneously.

Abandoning trading back is widely blamed for exaggerated price swings which sent some stocks tumbling by 30 per cent one day and climbing by 20 per cent the next.

This criticism is rebuffed by Mr Richard Meier, the exchange's director. Some "rigidities" have made it difficult for investors to pull out of the market as quickly as they would have liked. But, he adds, transactions were cleared each day and back offices were "kept in pretty good shape."

Swiss bankers point out that Zurich was, for a time, one of the very few European exchanges where foreign investors could obtain quick execution and take their cash the next day.

Nevertheless, it was not easy for investors to pull out of "secondary" stocks other than the top 23 which account for 78 per cent of total market capitalisation.



This has led to renewed discussion about the narrowness of the Swiss market and the lack of liquidity outside the bunch of top stocks.

Non-voting participation certificates, issued in huge quantities by Swiss companies over the last couple of years, suffered worse than the registered or bearer shares.

Prices of participation certificates, mostly held by foreigners, tumbled on average by more than 29 per cent in the two weeks to the end of October. The premiums at which many had been trading to shares were either sharply cut or wiped out.

Bearer share prices fell on average by 25 per cent over the two weeks while registered shares declined by less than 19 per cent. "Investors will probably pay more attention to voting rights after this," a banker commented.

Another conclusion generally advanced is that the Swiss new issue business will suffer for some time to come. Last year SFr65bn was raised on the Swiss market in all types of bonds and shares.

About 80 per cent of this total was raised for foreigners, in particular for Japanese companies, which continued to issue a large volume of low-coupon, convertible bond issues predicated on the steady climb of Tokyo stock prices.

This market for Japanese paper, bankers agree, is now dead so far as Swiss-based investors are concerned, after several enormously successful years, although market makers are still trading the bonds in greatly reduced volume.

Reports circulating in Zurich that the launching of a Swiss options and financial futures exchange next March will be postponed or even abandoned are vigorously denied by Mr Otto Naegeli, the project's managing director.

Rumours intensified when the Soffex planning group recently asked the 65 banks which had applied for membership whether they could guarantee they would be ready in time.

The questionnaire was intended to ensure that members were prepared for a simulation phase due to start in January, Mr Naegeli explained.

A cautious start had, in any case, been planned. The exchange will initially trade stock options on 11 underlying bearer shares and participation certificates of Swiss companies, moving later to an index contract.

Financial futures, whose allegedly amplifying influence on the recent plunge in stock prices is being examined by the US authorities, would not be introduced on Soffex until much later, Mr Naegeli said.

The Soffex managing committee would analyse the impact of futures trading in the stock market shake-out and, if necessary, would "take another look at the project," though it was under no time pressure.

Of the 65 original applicants for membership, 54 have declared their readiness to be in at the start of Soffex in March.

Bank Vontobel cuts GDP growth forecast

IN ONE of the earliest published revaluations of investment strategy since the stock market crash last month, Bank Vontobel, the Zurich-based investment bank, has reduced its forecast for the growth of Swiss GDP in 1988 from 1.8 per cent to 0.8 per cent, William Dullforce writes from Zurich.

This lower growth expectation, and the assumption of a lower Swiss franc/dollar exchange rate, prompts the bank to cut its previous estimate for corporate earnings.

In what it stresses is an initial rough calculation, Bank Vontobel predicts no growth in earnings in 1988 compared with its earlier forecast of 13 per cent growth.

Even so, it judges that, after the fall in share prices in October, the Swiss equity market is fundamentally cheap, with price/earnings ratios of 12.5 for both bearer shares and participation certificates and 8.5 for registered shares.

Reductions in the rate of capital equipment spending are expected to be relatively modest. Swiss companies have already raised SFr6.9bn ($4.89bn) this year via rights issues, placements and other public offerings and will not be short of cash.

Bank Vontobel foresees money market rates and bond yields moving downwards in the months ahead.

It also sees a risk of the strong Swiss franc taking off on its own. This, the investment bank states, puts the Swiss National Bank into a "monetary bind."

In Bank Vontobel's view, the SNB has no choice but to abandon at least temporarily its 2 per cent long-term growth target for the adjusted monetary base.

Volume up as Liffe launches option

By Our Euromarkets Editor

THE LONDON International Financial Futures Exchange yesterday launched a new option contract and reported that it had transacted record volume in October's volatile markets.

Trading began as planned in options on Liffe's futures contract based on three-month sterling deposit interest rates. More than 500 contracts were traded in the first hour of business, and by the end of the day 1,358 contracts, worth a total of £679m, had been dealt.

The addition means that Liffe offers options on all four of its actively traded interest rate futures contracts: the other three are long-term UK and US government bonds, and three-month Eurodollar rates.

In October, Liffe's overall volume rose to 1,639,212 futures and options contracts, 31 per cent higher than in June, the previous record month. The total nominal value was £612.7bn.

Mr Brian Williamson, Liffe chairman, said that in spite of the record volume, "an orderly market was maintained throughout the month, with all trades being successfully matched and cleared on a daily basis."

Not surprisingly in a time when all interest rates, as well as the UK stock market, were volatile, all of Liffe's main contracts recorded substantial increases in volume and the recent expansion in futures trading on the Financial Times-Stock Exchange 100 shares accelerated further.

By far the most active contract remained long gilt futures, for which volume increased to 710,389, 22 per cent up on September and 134 per cent above October 1986.

Long gilt options volume rose 79 per cent from September to 155,947. Eurodollar, short sterling and US Treasury bond futures recorded increases of 52, 50 and 42 per cent respectively.

Though the FT-SE futures volume remained low by comparison, at 72,511 contracts, this was 42 per cent up on September and no less than 711 per cent up on the October 1986.

On October 20, Liffe set a daily volume record of 130,212 contracts, a 58 per cent increase on the previous peak set five days earlier, and well above levels seen before in Liffe's five-year history.

NORTH AMERICAN RESULTS

ADOLPH COORS
Brewing

	1987 $	1986 $
Third quarter		
Revenues	432.8m	415m
Net income	20.1m	18.8m
Net per share	0.55	0.52
Nine months		
Revenues	1.06bn	1.04bn
Net income	44.5m	55.3m
Net per share	1.22	1.54

CNA FINANCIAL
Multi-line insurer

	1987 $	1986 $
Third quarter		
Revenues	1.80bn	1.57bn
Net income	108.36m	98.04m
Net per share	1.67	1.50
Nine months		
Revenues	5.26bn	4.53bn
Net income	279.92m	340.83m
Net per share	4.30	5.30

INTER-CITY GAS
Gas pipelines

	1987 C$	1986 C$
Third quarter		
Revenues	348.3m	219.7m
Op net income	*7.17m	*13.4m
Op net per sh	*0.53	*0.89
Nine months		
Revenues	1.23bn	987m
Op net income	20.2m	17.1m
Op net per sh	0.55	0.39

TYSON FOODS
Poultry products

	1987 $	1986 $
Third quarter		
Revenues	502.5m	499.9m
Net income	18.6m	14.6m
Net per share	0.29	0.23
Nine months		
Revenues	1.79bn	1.58bn
Net income	67.8m	50.3m
Net per share	1.06	0.79

UNITED BRANDS
Food processing and distribution

	1987 $	1986 $
Third quarter		
Revenues	784.1m	792.6m
Net income	7.37m	4.30m
Net per share	0.47	0.26
Nine months		
Revenues	2.39bn	2.46bn
Net income	53.5m	52.8m
Net per share	3.40	3.32

MACMILLAN BLOEDEL
Forest products

	1987 C$	1986 C$
Third quarter		
Revenues	817.3m	657.6m
Net income	82.7m	31.7m
Net per share	0.77	0.25
Nine months		
Revenues	2.34bn	1.97bn
Net income	217.7m	*195m
Net per share	1.99	1.99

* Includes $45m special gain

MITEL
Telecommunications equipment

	1987/8 $	1986/7 $
Second quarter		
Revenues	103.7m	116.3m
Op net income	1.3m	*28.5m
Op net p/shr	nil	*0.38
Six months		
Revenues	196.4m	251.1m
Op net income	*8.4m	*34.3m
Op net p/shr	*0.14	*0.47

* Loss

POWER CORPORATION OF CANADA
Financial, industrial holding company

	1987 $	1986 $
Third quarter		
Revenues	47.1m	35.2m
Op net income	43.9m	31.1m
Op net p/shr	0.34	0.23
Nine months		
Revenues	131.3m	99m
Op net income	134.7m	97.9m
Op net p/shr	1.02	0.75

ROTHMANS
Tobacco products

	1987/8 C$	1986/7 C$
Second quarter		
Revenues	107.2m	61.6m
Net income	7.4m	1.9m
Net per share	1.25	0.27
Six months		
Revenues	225.6m	123.3m
Net income	17m	9.3m
Net per share	2.92	1.54

STRONG REACTION TO OFFICIAL INTEREST RATE CUTS

Price rises help trigger activity in Eurosterling

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

INTERNATIONAL BOND markets reacted strongly yesterday to widespread cuts in official interest rates, with US banks' prime rates coming down to 8¾ from 9 per cent and German, Swiss, Dutch and British rates all being reduced over the last two days.

Rises in bond prices, as well as the strength of the currency, triggered a flurry of issues in the Eurosterling market. In spite of the extreme weakness of the dollar even in the face of falling European rates, the Eurodollar bond market saw a highly successful issue for Austria.

The $250m three-year Austrian issue, led by Credit Suisse First Boston, rammed home some basic tenets which lead managers have often tended to ignore in easier times. It was bid late in the day at half a point below its issue price, a discount well below its 1⅜ per cent total fees and inside the ⅞ selling concession.

Such a small discount to issue price has rarely been seen in recent years on a straight Eurodollar issue. Cynics might argue that the success of the deal meant that it was mispriced, but in such fragile markets this does not seem an argument which will get much mileage.

Although Austria is a triple-A rated borrower, which some might say should have a sounder credit rating than the US Government, the issue was priced - with an 8½ per cent coupon and 100⅝ pricing - to yield 75 basis points above comparable US Treasuries, net of fees.

It represented all that investors have been wanting in the bond markets over recent weeks - a high-quality sovereign name, a fairly short maturity, and reasonable pricing. It underlined the message that properly priced issues can be absorbed quite quickly.

CSFB placed $155m of the deal itself. Among the buyers are likely to be central banks which must buy sovereign paper and which are also flush with dollars because of their heavy intervention in the foreign exchange markets.

INTERNATIONAL BONDS

Overall, Eurodollar bond prices rose by between ¼ and ¾ point yesterday. West German bond prices also gained by half a point, with the response to the Bundesbank's Lombard rate cut to 4½ from 5 per cent relatively muted and cautious as it had been generally expected. The average yield on government bonds fell slightly to 6.09 from 6.12 per cent.

In Switzerland, as the big banks cut their time deposit rates by half a point to 3 per cent, bond prices rose by between ¼ and a full point. The market was already closed when the National Bank cut discount and Lombard rates by half a point to 3 and 4½ per cent respectively.

The strongest reaction, however, was in the sterling market which opened firm in reaction to the strength of sterling, the previous day's interest rate cuts, and to the Mansion House speech of Mr Nigel Lawson, the Chancellor, which was taken as indicating a continued accommodative stance following the stock market crash.

Mr Lawson indicated that the Bank of England would not immediately sterilise the impact of foreign exchange intervention through gilt sales because it would not be sensible to extract liquidity from the system.

The gilts market fluctuated somewhat as the day progressed, but was firm later as the dollar fell again.

Baring Brothers led a £150m additional tranche for a £200m World Bank 20-year issue which it had brought in June.

The 9¼ per cent bonds were priced at 96, which net of fees was the level of the outstanding bonds. The terms gave a 60 basis point yield over gilts. The new issue was partly paid, with £30 payable now and the remainder next June. It was bid at a discount equal to the fees.

France's Compagnie Bancaire made a £50m five-year issue led by Kleinwort Benson, with a 10 per cent coupon and price of 101¾ to give a yield of 105 basis points over gilts.

Less well received was a £50m five-year issue for Ford Credit Funding, priced by Warburg Securities at 101⅛ with a 9⅝ per cent coupon to give an 85 basis point spread over Treasuries.

In yen, the African Development Bank made a Y15bn five-year issue priced by Nomura at 101¼ with a 5¾ per cent coupon, which was quoted at the fees.

In Switzerland, Chubu Electric Power made a SFr200m five-year 5 per cent issue priced at 100½ by Union Bank of Switzerland.

French to float 30% of funding agency

THE FRENCH Finance Ministry is inviting bids from private investors for the sale of 30 per cent of the capital of Credit Local de France, the local authority funding agency previously known as the Caisse d'Aide a l'Equipement des Collectivites Locales, Reuter reports from Paris.

The ministry said 30 per cent was being offered now and a further 14 per cent would be sold at a later date. The agency will be converted into a limited company remaining under state control.

The agency's balance sheet totalled more than FFr120bn ($20.7bn) at the end of 1986. It is expected to lend local authorities more than FFr32bn in 1987.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on November 5

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	92⅝	93⅛	+0¼	+0⅞	9.58
All Nippon Air 9⅝ 97	100	93⅛	93½	+0⅛	+0⅞	10.50
American Brands 8⅜ 92	150	97	97½	+0⅛	+0¼	9.60
A/S Eksportfinans 7⅝ 93	300	90⅞	91⅛	+0½	+0¼	9.64
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 4⅞ 94	45	95⅝	96	0	+1⅛	5.38
E.I.B 4⅝ 94	40	96⅛	96⅝	+0⅛	+0⅛	5.32
Elec. De France 5⅛ 94	20	98⅞	99⅜	+0¼	+1	5.28
Kansai Electric 4⅞ 94	60	95⅝	95⅞	+0⅞	+1¼	5.46
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

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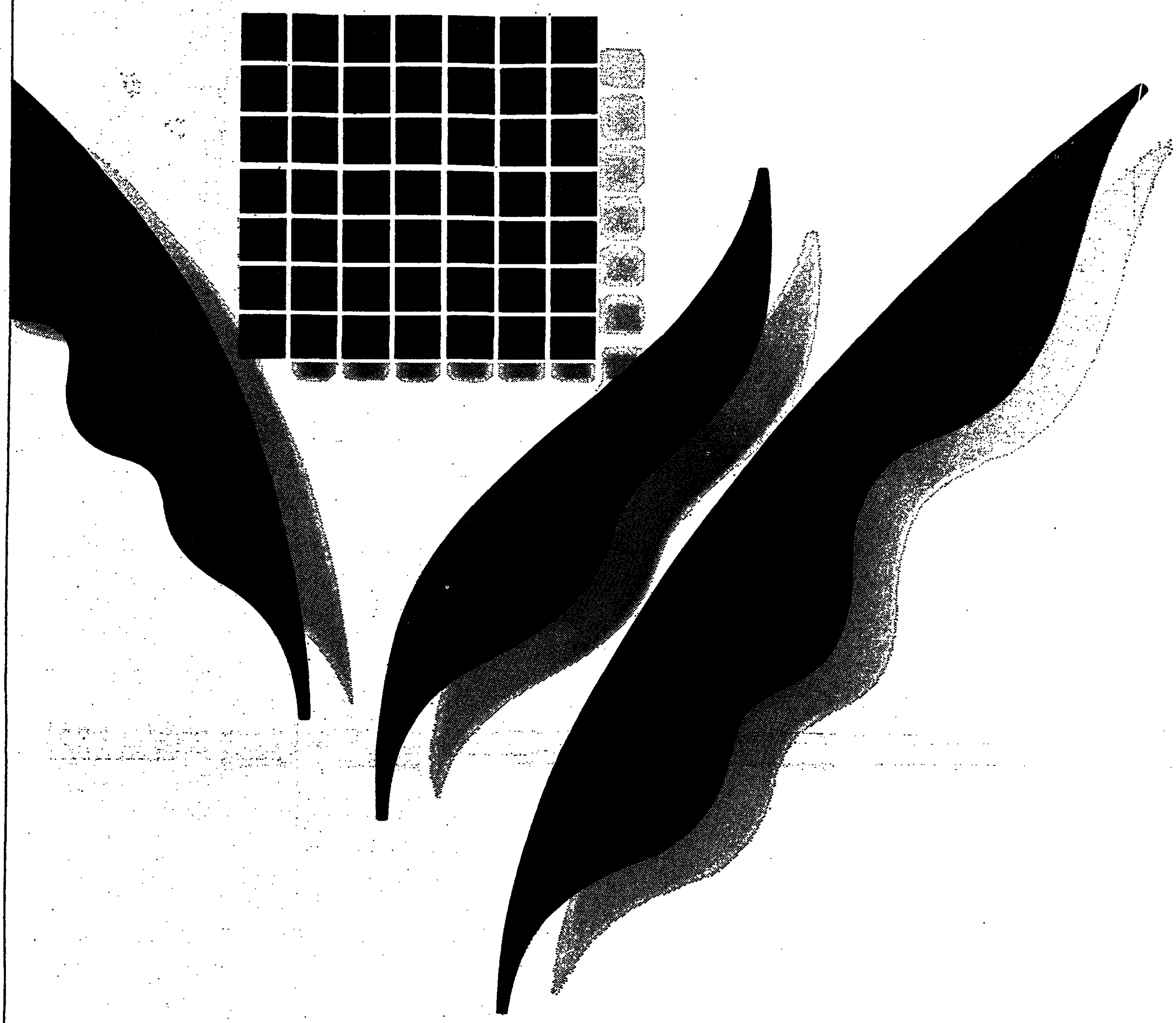

Ideas bring growth to finance.

The birth of Ferruzzi Agricola Finanziaria.

In October 1985 Gruppo Ferruzzi set out its plans to create one of the biggest agro-industrial groups in the world, to extend its activities into new sectors and to expand into new continents.
In less than two years Gruppo Ferruzzi has become the largest agro-industrial group in Europe and the third largest in the world.
Furthermore it is the second private-sector industrial conglomerate in Italy with an aggregate turnover of over 18 billion dollars.
The Group's idea to use agricultural products for industrial and energy uses, and its related programme for environmental protection is a focal point of international debate. The driving force behind this extraordinary expansion has been Agricola Finanziaria, the Group's holding company.
Its success on the financial market has allowed it to make large-scale investments such as the acquisition of CPC Europe, leader in the starch sector, the acquisition of a controlling interest in Montedison and Béghin-Say, and the restructuring of the sugar sector which makes the Group Europe's leading sugar producer.
The market capitalization of the Agricola Finanziaria group amounts to about 20 billion dollars.

And now it is time for it to grow even more.
Agricola Finanziaria is increasingly identified with Gruppo Ferruzzi and so Ferruzzi Agricola Finanziaria has been born.
All the activities of the Group will converge in the new holding company so that in due course Ferruzzi Agricola Finanziaria and Gruppo Ferruzzi will form a single entity.
Its theatre of operations is increasingly worldwide.
Ferruzzi Agricola Finanziaria will span five continents.
Its widely diversified activities follow a single vertical structure from agriculture to services, from trading to agro-industry, from chemicals to the advanced services sector and finally to numerous industrial and financial shareholdings.
Ferruzzi Agricola Finanziaria will be quoted on all the main European Stock Exchanges including London and Paris. This will lead to a broad national and international shareholder base in line with the Group's importance.
The cycle is in constant movement: two years ago ideas brought growth to finance. Today

Finance is bringing growth to ideas.

Ferruzzi
Agricola Finanziaria

UK COMPANY NEWS

PATHFINDER STRESSES HIGH RISK OF INVESTMENT

Eurotunnel prospectus forecasts big returns

BY RICHARD TOMKINS

Eurotunnel, the Anglo-French consortium building the Channel Tunnel, yesterday launched the pathfinder prospectus for its flotation with figures holding out the hope of big returns for people who buy its shares.

The pathfinder prospectus, which paves the way for the launch of the share issue in 10 days' time, forecasts that investors buying units (each comprising one English share and one French one) at an initial 350p might hope to see their value rise to £24 in 1995, by which time the company will have begun paying dividends.

This is because the dividend yields themselves will be so high. An initial gross yield of 16 per cent is forecast for 1994, rising to 34 per cent in 1998 and 60 per cent in 2003.

However, the prospectus bears a clear warning to would-be applicants that an investment in Eurotunnel will carry a significant degree of risk.

"While the directors consider that the assumptions on which the financial projections are based are reasonable, it must be realised that the reliance to be placed on them is a matter of judgment," it says.

As announced in Paris the day before, there will be two types of perks for private investors who become initial investors in the project - one likely to appeal more to the British investor and the other more to the French.

The biggest incentive for the British will be travel perks ranging from one return trip for a car-load of passengers for the person buying 100 units to an unlimited number of trips until 2042 for the person buying 1,500 units.

However, investors will have to pay £10 a year (rising with inflation) for every year in which they use the perk, plus a £1 fee for each single trip. The perk is also only for car-drivers using the shuttle service, so foot passengers using ordinary trains will not receive any benefit.

The other incentive is the warrants which will be attached to each unit. Ten of these will entitle the holder to subscribe to one unit at a fixed price between 1990 and 1992. These are a common feature of French privatisation issues.

About 220m units are expected to be sold at 350p each, though neither figure has yet been finally fixed. This will raise £770m in new equity, which when added to the equity issued in the earlier private placings will produce an initial market capitalisation of about £1.1bn.

Institutional investors who took part in last year's placing paid in effect £1.20 plus FFr12, or about 240p, for each unit, so the 350p issue price suggested yesterday gives them a premium slightly higher than the 42 per cent forecast.

Mr Alastair Morton, the consortium's UK co-chairman, said that nearly 500,000 inquiries had been received by the Eurotunnel share information office and had continued at a steady rate in spite of the stock market crash.

Mr Bob Boas of Warburg Securities, one of the UK advisers to the issue, said that he was confident that the issue would be fully underwritten

Global Group rises 16%

Global Group, the USM-quoted meat and meat products concern, increased pre-tax profits by 16 per cent from £379,000 to £439,000 for the year to May 31 1987.

Turnover rose from £34.82m to £35.7m. The directors proposed an unchanged final dividend of 1.75p giving a total of 3p (2.75p). After tax of £185,000 (£182,000) and minorities of £13,000 (nil), earnings per 10p share rose to 6p (4.9p).

The directors said that trading in the group's wholesale activities was exceeding all levels of the previous year and margins were very satisfactory.

At the end of September the group acquired 50.01 per cent of Ken Read and it was anticipated that it would be taking up the balance before the end of 1987.

Windsmoor rises 12.5% to over £1m despite poor weather

by Alice Rawsthorn

WINDSMOOR, the women's wear fashion house, yesterday announced a 12.5 per cent increase in pre-tax profits to £1.03m for the first half of the financial year on turnover which rose by 15.5 per cent to £28.4m.

Like many other fashion groups Windsmoor was affected by the sluggish pace of clothing sales during the spring and summer, when retail trade was hit by the dismal weather.

Mr Brian Green, chairman, described the pace of sales in August and September as "steady", but said that business had perked up in recent weeks. Last month the company experienced sales growth of 23 per cent.

In the six months to August 1, operating profits rose to £1.3m (£1.1m) and the contribution from Windsmoor's overseas associate increased to £58,000 (£38,000). Interest charges rose to £365,000 (£231,000) and taxation to £375,000 (£339,000).

Earnings per share increased to 2.98p (2.62p). the board proposes to pay an interim dividend of 1.25p.

Mr Green said that profits growth had been hindered by the increase in interest payments due to the high levels of stock carried by the company. The management team is now tackling this problem.

Windsmoor manufactures and retails two brands of women's wear - the synonymous Windsmoor label and Planet - in almost 600 concessions within department stores throughout the UK. It has just embarked upon a joint venture, Golden Rifle, with an Italian manufacturer of casualwear.

This spring the company will open its first High Street shops, in St Albans and Cheltenham, in order to test the concept of running independent retail units. Next autumn it will introduce a new women's wear label for "petite" women.

Phillips and Drew, stockbrokers to Windsmoor, expect the company to produce pre-tax profits of £2.4m, with earnings per share of 10p, for the full financial year.

Alice Rawsthorn on a famous name's diversifications

Learning the retailing game

FOR COMPANY chairmen, taking their business to the stock market is supposed to be one of the best experiences of their lives. For Mr Brian Green, chairman of Windsmoor, it was one of the worst.

Only a few days after the flotation a year ago it emerged that two employees of Chase Manhattan, then brokers to the company, had "stagged" the issue. At no time was it suggested that Windsmoor had been associated with the exercise and it swiftly dropped Chase Manhattan as its brokers.

Nevertheless the adverse publicity around the issue depressed the share price for several months and cast a cloud over the flotation. For Mr Green it was "the most painful experience of my life".

The flotation is now no more than a painful memory and Windsmoor is ensconced in its plans for the future. The company is already established as one of the best known women's wear manufacturers in Britain. Over the next year it plans to diversify into new market niches and into the High Street, as a retailer.

Windsmoor dates back to the early 1930s when three brothers - Cecil, Lionel and Maurice Green, the sons of a London tailor and uncles of the present chairman - established a business to manufacture ladies coats. During the war Windsmoor retrenched into utility wear. After the war it embarked upon an extravagant advertising campaign, emblazoning the legend "Look Your Best in Windsmoor" over the bomb sites of Britain.

Windsmoor flourished in the 1950s, when it diversified into dresses, suits and separates. In the early 1960s it opened its first concession within a department store.

But in the 1960s and 1970s Windsmoor fell victim to its own success. The company's name was associated so strongly with the 1950s - too strongly for the taste of the liberated young women of the Swinging Sixties - that its clothing was seen as dull and outdated.

Nevertheless the business continued to grow. It started to source part of its clothing overseas: through a joint venture in Hong Kong and from contract manufacturers in Czechoslovakia and Italy. It also opened new concessions and, in the late 1970s, introduced Planet, a new collection for career women.

Three years ago Windsmoor decided to enliven its flagship brand. Since then it has attempted to steer a delicate balance between attracting new, younger customers with more stylish designs without losing its elder, traditional clientele.

So far Windsmoor has succeeded. It has done so through unashamed "cheating" - by making suits with both chic, short skirts and longer lengths for the more mature customer - and with a witty advertising campaign depicting Windsmoor clothes as blatant copies of those of designers like Chanel.

Windsmoor now sells through more than 300 department store concessions and Planet through almost 280. Although there is scope for a little further growth, the two labels have almost reached the limits of their markets in department stores.

Next autumn Windsmoor plans to introduce a new range of fashionable clothes for small women under 5'3". The new label - as yet unnamed - will be introduced initially to 35 concessions and should be extended thereafter.

The cost of establishing a new range is relatively low. The company has recruited a new designer, pattern cutter, fabric selector and manager for the project, but production and distribution will be handled through its existing operation.

It is also diversifying into retailing. It recently opened the first outlets for Golden Rifle, a joint venture with an Italian casual wear manufacturer.

Early next year the first Windsmoor shops will open. The company is convinced that there is an opportunity in the High Street for a retailer to fill the gap between the multiples like Next and Richards and the designer shops. Yet it perceives its retail venture as an experiment.

In the past few months Windsmoor has strengthened its management team in order to prepare for this expansion. Until recently Mr Brian Green, originally an accountant, acted as both finance director and chairman. Mr John Whittle has now been drafted in as finance director. The company has also appointed a production director, Mr Ian Atlas.

Mr Green is now keen to increase the company's efficiency. Improving stock control is a priority. Traditionally Windsmoor has carried high levels of stock, but in the first half of this year stocks rose to unhealthily high levels.

Windsmoor has already begun to tackle the levels of fabric stock for manufacturing. Over the next few months it will invest in improved distribution systems and data capture within the concessions. The benefits of this exercise should filter through to profits next year.

As Mr Green put it: "It is often easy to forget that originally we were manufacturers and that manufacturing is our area of expertise. As retailers we still have a lot to learn."

Westbury advances to £5.3m

BY NIKKI TAIT

Westbury, the Midlands and West Country housebuilder, yesterday reported an 87 per cent increase in pre-tax profits to £5.25m during the six months to end-August, on turnover 66 per cent higher at £53.6m.

The figures, however, are distorted by the acquisition of the Midlands housebuilding division in October 1986, which Westbury bought from Christian Salveson for £12.6m cash.

The Midlands contribution is excluded from the first half figure in 1986, and yesterday the company declined to give any break-down of its first-half contribution this year. Analysts were yesterday estimating that the underlying rate of organic profits was around 50 per cent during the first half.

At the earnings per share level, the published figures show a 26.3 per cent improvement to 9.64p; had results for Midland been included in the comparative 1986 figures, the increase would rise to 34 per cent.

Yesterday, chief executive Richard Fraser - part of the team which organised the management buyout of Westbury three years ago - said that the company was monitoring its business extremely carefully in the light of the current turmoil on financial markets, but so far saw no signs of any impact on its segment of the housing market.

During the first half, Westbury average selling price rose by around 21 per cent to £48,000 - an underlying increase of 15 per cent once allowance is made for shift in the business mix following the Midland purchase.

Just over 1,100 units were completed and the figure for the full year is expected to better 1986's 2,200.

The tax charge in the first half is £1.84m - 35 per cent is the expected rate for the year - and the interim dividend goes up from 1.5p to 1.75p.

• comment

Under current circumstances, the downside to Westbury is that it is a pure housebuilder - untainted even by renovation work, let alone aggregates, time share and so on. The mitigating factors are that 50 per cent of output is for the first-time buyer market, and the South-east accounts for a minimal part of its workload or land bank. Moreover, the average selling price remains relatively modest and excursions upmarket - like the 8-house development at Penarth, going for £200,000 a piece - are extremely rare. That bias may not make current margins the most exciting in the sector and if recession really bites, the company is clearly vulnerable. But, with mortgage rates coming down and perhaps £12.5m-£13m pre-tax virtually secured for the full year - admittedly helped to the tune of £1m by a property profit in Cheltenham - the prospective p/e has fallen to under 8. That may be a slight premium to some of the "national" groups, but it still looks a mite unfair given Westbury's defensive merits within the sector.

Greene King hits at Elders stake

BY CLAY HARRIS

Greene King, Suffolk brewer, yesterday denounced as "undesirable and unacceptable" the shareholding in the company by Elders IXL and any attempts by the Australian brewing, pastoral and financial services group to use it to gain trading advantages.

Elders, owner of the Courage group in the UK, has increased its stake to 9.25 per cent. Greene King shares, which have outperformed the FT All Share index by 40 per cent since the stock market crash because of Elders' buying interest, yesterday shed 1p to 450p.

In a letter sent to shareholders, Mr John Bridge, chairman, said Greene King continued to believe that selling Elders' lagers would not be in its commercial interest. Elders declined to comment.

Hong Kong stake in Cluff Oil

By Lucy Kellaway

Mr Li Ka-Shing, the Hong Kong businessman, announced yesterday that he had built up a 14.3 per cent stake in Cluff Oil, the oil and gold exploration company controlled by Mr Algy Cluff.

Mr Li, who already owned nearly 5 per cent of the company, increased his holdings over the past week through his privately owned concern, Marino Equities. Mr Li apparently has no predatory intentions towards Cluff, and views his increased stake as a long-term investment.

Cluff said yesterday that it was "flattered" that Mr Li had increased his holding in the company, which it said marked a vote of confidence in its business.

Mr Li has been involved with Cluff since 1979 when it backed an unsuccessful Cluff oil exploration venture in China.

The stake could open the way to joint ventures between Cluff and some of Mr Li's other companies. Through Hutchinson Whampoa, the Hong Kong trading group, Mr Li owns a controlling interest in Husky Oil, the Canadian energy group.

US buy for Electrocomponents as profits rise 13% to £20.5m

BY PHILIP COGGAN

Electrocomponents, the electrical distribution group, announced an acquisition in the US together with interim pre-tax profits up 13 per cent yesterday.

Gillette is selling Misco, a computer supplies distributor, to Electrocomponents for around £11m. Misco has half its sales in the US with the rest in the UK, West Germany and Italy - however the European operations had operating losses of £1.4m in the first nine months of 1987.

US acquisitions, after being fashionable for the first nine months of the year, have become less popular in the wake of the stock market crash and doubts about the health of the American economy.

But Electrocomponents, apart from pointing to record orders in its existing US businesses, is confident that its strategy is correct. Computer supplies is a growing area, it believes, and Misco is not just US-based. In addition, the fall in the dollar means that Electrocomponents was able to buy Misco more cheaply than it could have a few months ago.

Misco's UK and West German operations are now approaching breakeven and the Italian business should be out of losses by the end of 1988.

Electrocomponents' pre-tax profits for the six months to September 30 were £20.5m (£18.1m) on sales 18 per cent higher at £134.9m (£114.6m). Overall, margins were down slightly because of the addition of WM Lighting which is traditionally stronger in the second half.

RS Components, the UK distributor which constitutes some 80 per cent of turnover, increased sales and profits at around the same rates as last year. However, the company reported that the West German market remained weak.

After tax of £7.4m (£6.4m), earnings per share were 6.42p (5.74p). The interim dividend is being increased to 1.27p (1.1p).

• comment

Investors need little excuse to sell at the moment, and Electrocomponents bold US purchase was enough reason to push the shares down 3p to 157p, despite the overall market recovery. Strategically, the Misco purchase makes sense; but anything with a US slant, even if it is only 50 per cent of sales, is likely to be unpopular in current conditions. Distribution is a volume sensitive business and any economic downturn would undoubtedly hit Electrocomponents; but the company has a reputation for good management and the early 80s slump saw merely a slowdown in the company's growth rate rather than a decline. Nevertheless, analysts were cautiously shading their forecasts down yesterday; assuming £46m pre-tax for the full year, the shares are on a prospective of just under 11.

Midsummer sells stake in Boddington

By Lisa Wood

Midsummer Leisure, the growing discotheque, public house and snooker club business, which last month made an unsuccessful takeover approach to Boddington, has sold its 2.1 per cent stake in the Manchester-based brewer.

Midsummer said yesterday that the sale had realised about £2.88m. The cost of the shares, built up during the summer, was about £2.9m. Midsummer said the proceeds would be used to offset its bank indebtedness.

Midsummer, in its informal approach, had proposed to offer 7 of its shares for every 15 Boddington. No cash alternative was offered. Boddington, which owns some 560 public houses, rebuffed the approach

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Amber Industrial ...int	3.25	Jan 5	3	-	10
Brit Borneo Pet ...int	7.5	-	7	-	22.5
Daks Simpson ...fin	6.35	Jan 4	5.25	8.6	7
Electrocomponent.int	1.27	Jan 1	1.1*	-	3.7*
Five Oaks Inv. ...fin	1	-	nil	1	nil
Gieves Group ...int	1.5	-	1.2	-	3.7
Global Group§ ...fin	1.75	Dec 23	1.75	3	2.75
Goldberg (A) ...int	1.32	Feb 19	1.15	-	4.75
Grampian TV ...int	0.43	Jan 8	0.43	-	2.3
Hanover Druce ...int	1.35†	Dec 18	1.2	-	3.85
John J. Lees ...int	0.63	Dec 11	0.5*	-	1.5*
Miller (Stan) ...int	0.5	Dec 4	0.5	-	1.25
Westbury ...int	1.75	Jan 20	1.5	-	4.7
Windsmoor ...int	1.25	Dec 11	-	-	2
Yorklyde ...int	2.75	-	2.75	-	7.55

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡Unquoted stock. ØThird market.

UK COMPANY NEWS

Storehouse attack on Benlox demerger bid

BY NIKKI TAIT

Storehouse, the giant retail group which takes in BhS, Habitat and Richards shops, yesterday launched a hard-hitting attack on the "demerger" bid from the relatively tiny investment dealing and civil engineering company, Benlox Holdings, describing it as "ill thought-out" and "carrying untold risks for Storehouse shareholders".

The Benlox offer document, claims Storehouse's defence document, "is riddled with inaccuracies and is remarkable for its misunderstanding of Storehouse group."

Benlox is proposing that the Storehouse empire should be broken up into six separate operating groups - covering the different retail chains, the design function and the property interests - which would then be separately listed. But Storehouse argues that the Conran Design Group is "at the very heart" of the group, crucial to its success, and that "Storehouse supplies a full range of services which would be highly expensive to reproduce within each company."

Moreover, the defence document lams into the record of both Benlox and certain Benlox directors. "Benlox's financial performance in recent years has been appalling", claims Storehouse, pointing out that dividends have been paid out of reserves for the last two years despite a deficit on revenue reserves at end 1985 and end 1986. And it describes the record of Airship Industries during the early eighties when Benlox chairman Mr Andrew Millar was managing director/chairman as "one of the sorrier episodes in UK corporate history."

Last night, however, Mr Peter Earl - a Benlox director and the guiding light behind its adviser, demerger specialist Ifincorp Earl - criticised the personal attack. "Reading the document, you would assume Andrew Millar is a leper - that it clearly not the case.

"But that's not what this is about - this is not a personal vendetta between Andrew Millar and Sir Terence Conran." The demerger idea, he argued, was both practical and supported by analysts; the Design Group could, and had operated successfully for non-Storehouse clients; and he claimed that stressing the degree of inter-company service offered by Storehouse was at odds with the disclosure of a "small head office of 40 people." He also pointed out that Mr Miller did not take over at Benlox until January.

Yesterday, Mr Earl's private company, Sloane Corporation, disclosed that it has purchased another 5,000 Benlox shares, taking its stake to 15,000 or 0.0375 per cent.

Gieves profits 58% ahead to £0.7m halfway

A 58 per cent improvement in pre-tax profits, from £444,000 to £703,000, was reported by Gieves Group, for the half year to end-July.

The interim dividend is stepped up to 1.5p (1.2p), with earnings per 20p share ahead from 3.4p to 4.5p.

Mr Michael Keeling, the chairman, said there was clearly a chance of Gieves & Hawkes International, breaking even over the year. Chivers was launching new products which, it was hoped, would restore profit margins.

Total turnover advanced by 13 per cent to £21.41m (£19m). Tax was £255,000 (£125,000).

Daks tops expectations

BY MIKE SMITH

IMPROVED manufacturing facilities helped Daks Simpson, clothes maker and owner of the Simpson store in Piccadilly, to increase pre-tax profits by 27 per cent in the year to July 31 1987.

The £4.9m out-turn compared with £3.88m in 1986 and was ahead of analysts' expectations. It was achieved on sales up 7.3 per cent at £50.34m.

Mr Johnny Mengers, chairman, said the improved margins were partly the result of moving the manufacture of rainwear and leisurewear from Devon to a more efficient plant in Scotland. But the company had also sold well in export markets.

Daks does not disclose how much of its income comes from abroad, either from tourists in London or through direct exports. Yesterday it played down the effects of the stock market crashes and the fall of the dollar by stressing that it was more dependent on Europeans than Americans.

It admitted, however, that many customers were from the City and this may have an impact on Christmas sales. "Perhaps we might not see as many of them this year," said Mr Mengers.

The 27 per cent profits rise compares with percentage rises of 74, 73 and 52 in the three previous years.

Mr Mengers said that Daks Simpson would have to make acquisitions to achieve dynamic growth in future. The company was looking for something which had a peripheral connection with clothing.

Daks Simpson has net assets of £14.75m (£12.2m in 1986) and net borrowings of £2m (£5.7m). That implies gearing of less than 14 per cent.

Last year earnings per share rose 32 per cent to 48.64p. They were helped by a proportionally lower tax charge of £1.8m (£1.51m) The total dividend was lifted by 22.8 per cent to 8.6p.

Sir James Hill disposes of its Sanderson stake

Sir James Hill and Sons, the private company which made an unsuccessful bid approach this month to Sanderson Murray & Elder, has now sold the 8.1 per cent stake it had acquired in the Bradford-based woolcomber.

Hill said in early October it was prepared to offer 200p for each ordinary share in Sanderson, provided the board recommended acceptance and the principal shareholders agreed to accept. But the board immediately replied that it saw no commercial merit in a deal. Sanderson shares closed last night at 161p, up 11p on the day.

Ladbroke holders shun rights

BY NIKKI TAIT

COLLAPSING share prices have resulted in just 2.4 per cent of the £254m rights issue by hotels, betting and property group, Ladbroke Group, being taken up by existing shareholders.

The outcome, announced yesterday, represents the largest rights issue flop since the stockmarket maelstrom blew up. The low repsonse, however, looked inevitable on Wednesday afternoon, when the issue closed with Ladbroke shares standing at 314p against the 378p rights price.

Yesterday, Ladbroke said it felt it was unfortunate that markets had turned during the course of the issue but stressed that the deal which occasioned the cash call - the £1bn purchase of the Hilton hotel chain from US group Allegis - was living up to all its expectations.

"We have been owners of the Hilton chain for some weeks," said the company, "and the more we look at it the better the deal is."

The rights issue was Ladbroke's second call this year - the first coming in April, when it raised £294m. Until fears about the overhang of rights shares hit the market this week, the Ladbroke share price had been falling roughly in line with the market itself. Yesterday, however, they slipped another 17p to 297p.

By comparison, the £6.9m cash call by food group, Hunter Saphir, in connection with its purchase of House of Clarks, saw a relatively succesful 54.5 per cent take-up. Berkeley & Hay Hill, however, saw only a 2.68 per cent clawback on its £2.3m open offer to shareholders.

Already this week, underwriters have been obliged to pick up almost all of the £44.5m issue from T. Cowie and the £29.3m call by Heywood Williams, plus 70 per cent of £27.5m issue by Sketchley. Yesterday, the £143m call by merchant banking group Kleinwort Benson also closed with the shares 25p adrfit from the 450p rights price.

ABF bid for Berisford is cleared

By Clay Harris

The £767m bid for S&W Berisford by Associated British Foods was cleared yesterday to proceed without a reference to the Monopolies and Mergers Commission. It remained unclear last night, however, whether that is ABF's intention.

The milling and baking group is due to announce today the level of acceptances of its 400p cash offer received by yesterday's first closing date. Berisford shares fell another 8p to 265p yesterday, but finished above the day's worst levels.

The Government's decision not to refer the ABF bid came nine months after it accepted the Monopolies Commission's advice to block rival offers for Berisford, owner of British Sugar as well as commodity, property and financial services interests, from Tate & Lyle and Ferruzzi.

Both suitors subsequently sold their stakes - Ferruzzi to ABF and Tate to Berisford directors and the Chicago-based Pritzker family.

Earlier yesterday, Berisford directors and the Pritzkers' family's Marmon Corporation had announced that they did not intend to accept the ABF offer before the 3pm deadline. The board last week had declined to give form advice of acceptance or rejection.

Berisford reminded shareholders that acceptances were irrevocable until November 26, two days after the delayed extraordinary general meeting at which ABF shareholders are due to decide whether to approve the takeover.

The controlling shareholder, George Weston Holdings, has already indicated its doubts about proceeding.

Moss Advertising

Moss Advertising yesterday announced two small acquisitions, the considerations being met by share issues.

It is buying Farnfield Marketing Consultants for an initial 25,300 shares, with further payments dependent on profits. It is also purchasing Rugge Price Associates, a New York based public relations and special promotions company, for $160,000 in shares. Moss shares closed at 81p, down 5p.

Goldberg advances 56% to £724,000 at midway

BY CLAY HARRIS

A. Goldberg & Sons, Scottish-based retailer, yesterday reported pre-tax profits of £724,000 in the 26 weeks to September 26. The 56 per cent advance from £465,000 last year was achieved on sales 18 per cent ahead at £22.7m (£19.2m).

Mr Mark Goldberg, chairman, said it was too early to judge the prospects for sales over the Christmas period, especially because of economic uncertainty following the stock market crash.

Wrygges, the leading young fashion retailer in Scotland, achieved the best increase in turnover, lifting sales by 37 per cent to £9.3m (£6.8m). Within the total, Wrygges Man increased sales by 140 per cent to £1.6m.

Turnover at the original Goldberg stores fell by 3.2 per cent to £12m (£12.4m), but women's fashion sales - now identified as the core businesses - were ahead by 11 per cent. Non-clothing merchandise has been removed from all stores except the two largest, in Glasgow and Edinburgh.

Schuh, which Goldberg bought as a four-shop shoe retailer in April, contributed sales of £1.45m. By the end of the financial year, Schuh is expected to have seven stand-alone shops and 26 units in Wrygges or Goldberg stores.

From its initial beachhead in north-west England, Wrygges is preparing to open a store in Birmingham's new Pavilion Centre with others planned in the north-east, West Midlands and south-east.

Goldberg expects to receive £5.5m to £6m from Royal Bank of Scotland's exercise of its option to buy the remaining 40 per cent of the Style credit card operation, which contributed £527,000 to first-half profits.

Earnings per share rose to 2.8p (1.8p), and the interim dividend is raised to 1.32p (1.15p).

•comment

Goldberg shares have suffered from the reverse Midas touch of the Antipodean investor, underperforming the FTA Stores index by 6 per cent since the stock market crash. There is no justification for this, and Charterhall has taken the opportunity to raise its stake to 10.3 per cent. Goldberg's natural caution has been vindicated and reinforced by the new wind of uncertainty. Southward expansion is on course to continue at a prudent pace, an apt description as well for the two-stage withdrawal and redeployment of proceeds from the credit operation. Pre-tax profits of £3.3m for the full year would put the shares on a prospective p/e of 11.7. Although the fundamental strategy cannot be faulted, it remains open to question whether the group can wrest enough sales from the fickle fashion gap it and others perceive below Next and above the less convincing flatterers of the George Davies formula.

MFI goes ahead with management buy-out

MFI, the furniture retailing group, said yesterday that it is going ahead with the £715m management buyout from Asda-MFI in spite of the stock market collapse.

Its statement followed rumours that the deal could be in jeopardy because of funding problems.

Mr Derek Hunt, chairman, said that the £515m of debt and £190m of equity to finance the deal had now been fully sold down.

The collapse of share prices had made the financing more difficult but the deal had in any case been underwritten by Chemical Bank and Charterhouse.

Since Black Monday, analysts have viewed the management buyout as an excellent deal for Asda-MFI because of the cash it will receive as a result. It shares have consequently outperformed the market considerably.

Mr Hunt said yesterday that he had no regrets. Although MFI might have been able to negotiate a cheaper price after the crash it would probably not have been able to raise the necessary debt.

The deal has already been approved by shareholders of Asda-MFI and the Office of Fair Trading has given it clearance. Completion is planned for November 16.

MFI, which bought its main supplier Hygena for about £200m as part of the buyout, wants to return to the stock market within three years. Mr Hunt said there was no need for that target to be revised.

UK COMPANY NEWS

Appletree pays £17.9m for Irish meat processor

BY CLAY HARRIS

Appletree Holdings, the snack foods and fresh produce group, is to pay up to I£20m (£17.9m) for Kildare Chilling and Kildare Meats, an Irish beef processor and exporter.

Kildare, which is privately owned, achieved pre-tax profits of £5.8m (and after-tax profits of £4.9m because of Ireland's low tax charge) on turnover of £94m in the 17 months to August 31. The tax rate is expected to rise slightly to 16 per cent next year.

The company slaughters about 7 per cent of all beef cattle killed in Ireland and has a weekly slaughtering capacity. Almost all of its production is exported, with 74 per cent of sales made in the EC.

Appletree yesterday described the acquisition as a major step towards creation of a diversified food products group. Kildare is likely to double the group's earnings per share, Mr David Johnson, chairman, said yesterday.

The company's need to spread its exposure was illustrated when it said that the Hunters snack foods division was likely only to break even, at best, in the second half of the financial year which ended on September 30.

Poor summer weather caused reduced demand for crisps and snacks, and Hunters was squeezed between its larger rivals, Nabisco and United Biscuits. Hunters has also made an exceptional write-off of poor potato stocks which suffered from storage problems.

The fresh produce division, however, continued to trade satisfactorily. Its second-half results are expected to meet budget projections.

Appletree is to pay an initial £11.2m in cash and issue shares worth £2.8m, valued at the 270p market price when negotiations started. This was precisely twice the price yesterday after the deal was announced.

Additional payments totalling up to £6m are based on profits in the three years to September 1990. British & Commonwealth's stake in Appletree will fall below 23 per cent as the result of the share issue.

John J. Lees pushes its profits up to £220,476

John J. Lees, confectionery maker, edged taxable profits ahead slightly from £213,300 to £220,476 on turnover up from £2.39m to £2.9m in the half year to September 30.

The directors declared an interim dividend of 0.625p - up from an adjusted 0.5p last time - and after tax of £67,191 (£69,953), earnings per 10p ordinary share fell from an adjusted figure of 3.22p to 3.16p.

The chairman said that current objectives were to consolidate progress made in recent years' and to implement plans to generate future earnings growth. He expected profits in the second half to be inline with those of the first.

He said that the company had a good first half although export markets remained difficult as a result of the weakening dollar. Investment plans were being finalised for Heather Cameron Foods with a view to increasing production capacity. It did not expect a significant contribution from its summer acquisition, Fullers, a confectionery maker, until next year.

Minorities accounted for £18,971 (£14,358) and attributable profits rose from £128,989 to £134,314.

Stanley Miller in the red

THIN MARGINS, a contract claim and reorganisation costs combined to push Stanley Miller Holdings back into loss for the first half of 1987, representing a swinground of £500,000.

The group, main work of which is building contracting, returned to profit in 1986, making £80,000 for the first half and £150,000 for the year. Now it has turned in a loss of £421,000 from a turnover up to £14m (£11.84m).

The directors said the year would remain difficult for profitability, but steps taken should ensure a greater degree of prosperity in future. They are holding the interim dividend at 0.5p.

Shareholders were told that much of the increase in turnover came in tender work, where margins were extremely thin. Steps were taken to improve the quality and diversity, and consequently the margins, of the work.

A large claim was suffered on a contract which was completed in 1982. Settlement and legal fees came to £100,000.

A similar amount was spent on reorganisation earlier this year, while preliminary costs of setting up the new housebuilding company and the reorganisation of the London activities created additional expense.

Alva Trust assets up

Alva Investment Trust upped net asset value per 25p ordinary share from 189.2p to 265.3p at the end of the 18-month period to August 31 1987.

The directors propose a final dividend of 1.3p compared with 1p last time, making a total for the year of 3.9p (2.3p). Tax charges took £25,483 (£19,499) after which earnings per share moved up from 3.28p to 5.62p.

Gross revenue amounted to £311,083 (£243,017) and expenses and interest took £187,164 (£166,196). Last time's extraordinary debit of £50,000 was not repeated.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Aquascutum, Henderson Administration, Hunting Group, Renold.

Finals- William Low.

FUTURE DATES

Interims-	
AAH Holdings	Nov 18
Aberfoyle Holdings	Nov 13
Allied-Lyons	Dec 1
English & International Trust	Nov 10
Monks Investment Trust	Nov 24
Yale and Valor	Nov 12
Finals-	
Bass	Dec 3
Concentric	Nov 16
Drayton Consolidated Trust	Nov 10
Williamson Tea Holdings	Nov 11

CRASH FORCES PROPELLER TO RE-ARRANGE FLOAT WITH £1.5M TAG

Dancing to the market tune

BY PHILIP COGGAN

THE IMAGERY was striking. To the strains of the song "I am what I am" - from the transvestite musical "La Cage aux Folles" - four young girls wearing men's shirts leapt athletically onto the stage.

Some razzmatazz was perhaps inevitable. Propeller, a men's shirt designer, was attempting to be the first company to float on the Third Market since the crash. So yesterday's press conference was held not at some sober City venue but at Stringfellow's, the night club haunt of all those people who get mentioned in the gossip columns.

The girls gamely danced on until - inventively - a man modelling a man's shirt appeared while the music changed to "Last Train to London".

The male was not the managing director of Propeller, Mr Tony Dabbs. He had to miss the Last Train to London as he was in Hong Kong, checking out the latest fashion shows.

That unfortunate coincidence of timing was a direct result of the crash. Propeller had planned to join the market last week and the hastily re-arranged launch had to be at a lower share price - 45p against 55p - and raise a smaller amount - £1.5m against £3.5m - than originally hoped.

Mr Mike Keen, Propeller's chairman, was putting a brave face on the change in timetable. He had good reason to be cheerful. His Third Market mini-conglomerate Corton Beach had bought Propeller in September 1986 as part of the loss-making textiles group Tern.

The whole of Tern had cost just £1m but now Corton Beach, having sold off the rest of Tern, is floating off Propeller with a market capitalisation of £5.5m. Its remaining 56 per cent stake in the group will thus be worth more than £3m and in addition Propeller will use more than half its share of the placing proceeds to pay off a £880,000 loan to the parent group.

Propeller sub-contracts all its manufacture and sells finished goods to retail chains like Burtons and Top Man. In the 13 months ended January 31, 1987 the group made pre-tax profits of £314,000 on turnover of £5.5m; it is forecasting profits of not less than £400,000 for the coming year.

Just under 3.34m shares, 28 per cent of the enlarged equity, are being placed by sponsors Heseltine Moss, putting the shares on a prospective p/e of 14. Mr Dabbs, who is selling some shares, will retain a 17 per cent stake.

Halftime fall at Grampian TV

Grampian Television, IBA contractor for the North of Scotland, is warning of a possible drop in profits for 1987-88 from the £1.77m of the previous year.

Pre-tax profits were halved from £428,458 to £214,536 in the six months ended August 31 1987. Sir Iain Tennant, chairman, said the second half traditionally provided the bulk of profitability but pointed to sluggish national advertising revenue which might cause a drop in the year's profit.

Turnover in the six months came to £8.9m (£8.76m). National advertising revenue continued to outpace inflation but the trend towards placing that in the south and south east of England continued.

The subsidiaries continued to expand. Glenburnie Properties again increased its contribution while Blenheim Travel carried on its development programme. Because of costs associated with that, it was not expected to be in profit in the current year.

Blenheim acquired three new retail outlets in the north east of Scotland. Several further units were planned within the coming year.

Earnings for the period were reduced to 0.98p (1.87p) and the interim dividend is again 0.43p.

Five Oaks rises to over £2m midway

Five Oaks Investments, property development group, achieved a significant increase from £639,000 to £2.18m in pre-tax profits for the year to end June. Turnover was £11.57m.

The 1985/86 profit has been adjusted to give effect in respect of profits and losses on sale of investment properties and the fully diluted earnings figure for that year has been adjusted for this accounting policy change and in respect of the bonus element of the 1986 rights issue.

After tax of £596,142 (£3,396) the fully diluted earnings were 7.14p (7.5p), with the 1986/87 figure reflecting significant mainstream corporation tax for the year.

As forecast, a return to the dividend list is proposed with the payment of 1p per 5p ordinary.

The directors said the investment portfolio performed well, producing a revaluation surplus of £546,000. Net asset value at the year end was 51.5p (39.8p). They said the company has a high-quality development programme totalling 62,000 sq ft which it estimated would have a sale value on completion of £44m.

Some 70 per cent of the company's share capital was now in institutional hands and the board looked forward to the next phase of development.

Sykes in £10.5m USM flotation

Sykes-Pickavant, the hand-tool manufacturer, has announced details of its flotation on the Unlisted Securities Market. Albert E. Sharp is placing 1.66m shares, 18 per cent of the equity, at 114p giving the company a market capitalisation of £10.5m.

Just one quarter of the shares being placed are new with the rest being sold by existing shareholders. Sykes is forecasting pre-tax profits of £1.45m for 1987, up 10 per cent from the previous year, giving a prospective p/e at the placing price of 10.5.

Souza Cruz

Souza Cruz, the Brazilian company which is 75 per cent owned by BAT Industries, reported net financial income of Cz4,226.5m for the 9 months to end September 1987 and a net profit of Cz 2,069.6m, or Cz135.4 per share before a 20-for-one share split, Cz6.8 after.

The directors say comparisons with 1986 are not given because last year was divided into accounting periods of two and ten months by the introduction on February 28 of the Cruzado Plan. However internal management information shows that, compared to the same period last year the results represent a nominal, almost threefold increase.

Hanover Druce up 17%

DIRECTORS OF **Hanover Druce**, estate agency and financial services group, expect the rising trend of the past four years to continue following an improved start to the present year.

On turnover up 38 per cent from £5.78m to £7.96m, pre-tax profits rose to £902,000, against £768,000, a rise of 17 per cent in the half year to August 31 1987.

Earnings per 10p share came out at 8.3p (9.5p). The interim dividend is being raised to 1.35p (1.2p).

The directors said that it was too early to see what effect the recent turbulance on the stock markets would have on the property market but the need for professional advice would continue.

With the company's broad spectrum of property-related services, the company was well placed to build on its success.

During the period under review the group acquired and opened 12 offices bringing the total to 66.

Operating profit was £865,000 (£752,000) with a further £37,000 (£16,000) from related companies. The tax charge was £318,000 (£276,000).

Amber Ind up at halfway

Amber Industrial Holdings, the industrial aerosol manufacturer controlled by the Cayzer family's Caledonia Investments, reported increased profits in the half-year to September.

On turnover up from £4.6m to £4.9m, the pre-tax figure came out 8 per cent higher at £553,000 (£512,000). After tax of £203,000 (£191,000), earnings per 10p share worked through at 13.3p (12.2p).

The directors said the increased profit was attributable to the Ambersil subsidiary.

FAI sells Hill Samuel stake

By Steven Butler

FAI Insurances, the investment arm of Australian entrepreneur Mr Larry Adler, said yesterday that it had accepted the TSB offer for its 14.7 per cent stake in Hill Samuel, and showed a profit on the shares of A$131m (£51.4m), not including a final dividend payment of A$1.49m.

Mr Adler said that FAI now had cash reserves of about A$800m and saw "interesting" investment opportunities due to the current volatility in share markets.

Brit Borneo profits jump to £1.3m

British Borneo Petroleum, an investment holding and dealing company, boosted pre-tax profits by 47 per cent from £891,000 to £1.31m in the six months to end September.

A breakdown of its income shows that income from investments amounted to £881,135 (£850,708). Deposit interest and other income totalled £118,212 (£76,481) while profit on dealing activities rose from £55,241 to £436,856. Oil and gas production accounted for £4,534 (£1,321).

There was a loss on currency conversions of £12,446 (£4,274) and adminstration expenses were £72,551 (£68,843). An amount of £48,439 (£16,616) was written off US oil and gas interests and exploration expenditure in Canada was £1,976 (£1,420). There was no interest payable this time against £10,425.

After tax of £405,933 (£264,432) distributable profits were £899,372 (£626,289) for earnings of 19.9p (13.9p) per 10p share.

The interim dividend is increased from 7p to 7.5p.

Yorklyde static at half year

AFTER A fairly slow start to the season following last winter's dificult trading period, Yorklyde, Huddersfield-based cloth and rug maker, announced an increase of just £5,000 in pre-tax profits for the six months to July 31.

On turnover ahead from £3.84m to £4.04m the taxable result came out at £1.16m. The directors said the group currently had a healthy order book and interest in its products was high.

They are maintaining the interim dividend at 2.75p, payable from earnings per 10p share of 16.1p (16p). Tax charged was £406,000 (£404,000).

First half fall at E & A

Profits of **Estates & Agency Holdings** declined from £333,000 to £312,000 over the first six months of 1987 despite an improvement of £100,000 in gross rental income to £974,000.

Below the line, however, there was an extraordinary credit of £380,000 being the net profit from the sale of the holding in Western Motor Holdings.

The directors pointed out that as a result of the sale there was no income from this source under the heading of related companies - in the comparable period of 1986 the contribution amounted to £76,000.

Earnings for the opening half year, excluding the extraordinary item, emerged at 4.16p (4.3p).

Contracts were exchanged last month for the sale of a development site at Rayleigh, Essex, at a net loss of £150,000. The company failed to obtain satisfactory planning consent on appeal.

EFT winning City of Edinburgh battle

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

Edinburgh Financial Trust, the Scottish financial services company, has outmanoeuvred Aberdeen Fund Managers in a battle for City of Edinburgh Life Assurance Company.

Aberdeen Fund Managers announced yesterday that on October 26 it had made an offer to purchase the whole issued share capital of City of Edinburgh at a price which valued it at £2.3m. City of Edinburgh has approximately £25m of policy-holders' funds.

But on the same day Edinburgh Financial Trust announced that it had increased its holding in City of Edinburgh from 28 to 41 per cent by purchasing shares held by Stevenston Securities. EFT and its ally MIM Ltd, investment management company, together held 54.1 per cent of the company.

On October 30 a majority of directors of City of Edinburgh agreed to recommend to shareholders that they accept the offer from Aberdeen Fund Managers. Two days later Professor Donald Mackay, chairman of City of Edinburgh, told shareholders that EFT and MIM had indicated that they did not intend to accept the Aberdeen Fund Managers offer nor to make a general offer for the company.

At the first closing date for Aberdeen Fund Managers' offer Wednesday morning, shareholders representing only 38.8 per cent of the equity had accepted the offer. The offer, which is conditional on at least 50 per cent acceptances, has been extended until further notice.

EFT gave up its trust status earlier this year


Our favourite things
mothercare
nobody cares like mothercare
Mothercare have 240 stores in the UK, 40 in Europe and 234 in the USA, franchises in Kuwait, Saudi Arabia, Singapore, Hong Kong, Dubai, Cyprus, Iceland, Malta and Rhodes.
SavaCentre
A 50% joint venture with J. Sainsbury plc. 6 stores in the UK.
Bhs
is where
131 stores throughout the UK and Eire with franchises in Gibraltar, Oman, Qatar, Bahrain and Hong Kong.
STORECARD
BS
habitat
mothercare
A 50% joint venture with Citibank Trust Ltd.
habitat
Habitat have 56 stores in the UK, 32 in Europe, 16 in the USA, and 12 in Japan, Iceland, Singapore and Hong Kong.
fnac
27 stores in France. 20% shareholding.
Conran Octopus
A 50% joint venture with Octopus Publishing Group.
HEAL'S
4 stores in the UK 5th opening soon in Reading.
RICHARDS
175 stores in the UK.
204 people in London and Paris. Services: Architecture, Fashion, Graphics, Interiors, Products, Catalogues, Photography, Advertising, Marketing.
CONRAN DESIGN GROUP
anonymous
7 stores in London.
THE CONRAN SHOP
77-79 Fulham Road, London SW3 Moving soon to exciting new premises at Michelin House, 81 Fulham Road, London SW3.
TOGETHER STOREHOUSE BY DESIGN
STOREHOUSE PLC
The Heal's Building, 196 Tottenham Court Road, London W1P 9LD 01-631 0101
Designed by Conran Design Group

Peruvian copper strike spreads

BY DOREEN GILLESPIE IN LIMA

PERU'S ENTIRE copper production is threatened with being halted as the workers of other major producers join in the stoppage begun a week ago by those at Cuajone, the country's biggest copper mine.

Peru produces around 400,000 tonnes of refined copper a year of which 85 per cent is exported.

The Toquepala copper mine's 17,000 workers and 480 at the Ilo smelter, which like Cuajone are owned by the US-based Southern Peru Copper Corporation, came out on strike at 7.30 on Thursday morning. The company said that *force majeure* had not been declared and that 600 of its service personnel who handle copper shipments were still working.

The Southern Peru mines produce 250,000 tonnes a year, around two thirds of Peru's annual copper production. Its miners are pressing for a solution to a 40 point claim mainly for pay increases and improved working conditions. They are also asking for the company's nationalisation, a routine demand from Southern Peru's labour unions.

Meanwhile workers at the state-owned Tintaya copper mine, which produces 80,000 tonnes a year, also came out on strike inmid-week. The miners' federation is reported to be trying to bring out other state-owned copper mines like Cobriza and Cerro Verde, while the country's Labour Ministry is holding talks with the unions in an effort to negotiate an agreement.

Copper is Peru's biggest single foreign exchange generator with exports last year of $436.2m out of a total $2.5bn. Total metals exports including silver, lead and zinc make up 40 per cent of Peru's exports. Copper exports in the first half of 1987 totalled $215.7m compared with $228.9m in the first half of last year.

Southern Peru says it is to invest $11m next year in new equipment to improve day-to-day operations mainly in its concentrators. This will include installation of automatic grinding controls at Toquepala. Similar equipment at Cuajone allows administrative staff to continue to operate the concentrator at 40 per cent of capacity during the strike. The company is still holding fire on planned expansion of the Cuajone and Toquepala mines which would require an investment estimated at around $500m.

LME price rises as supply fears grow

BY KENNETH GOODING, MINING CORRESPONDENT

MARKET CONDITIONS have already encouraged speculators to take more than their usual interest in copper.

And analysts believe the spread of strikes in the copper mines of Peru will be bound to push up even further prices already near a peak because of supply shortages.

There is some evidence that speculators have been buying up as much physical copper as possible and are now holding on to it firmly in the hope of forcing the price up.

"A genuine tightness of supply has encouraged some speculative activity", says Mr Robin Bhar of Rudolf Wolff, the metal trading group.

"It is a cat and mouse game. Those people holding physical stocks of copper off the market won't deliver until the premium becomes big enough".

Mr Bhar recalls that in 1973-74 when London Metal Exchange copper stocks were at an low of 10,475 tonnes, a £200 premium for cash metal over the forward price (backwardation) was needed to prise copper out of speculators' hands.

Yesterday the premium reached £123 as the LME cash price rose £25 to £1,245.

Meanwhile the three month price of grade A copper fell by £1 to £1,122, reflecting fears that demand will eventually be dented by economic problems in the US.

According to Mr Stephen Briggs of Shearson Lehman Brothers, any volatility in the copper price can usually be traced to the US and the prospects for the main user industries - construction (particularly housebuilding) and motor vehicles - are currently looking dim in the States.

Mr Briggs estimates that LME copper stocks are now at a critical level, equivalent to about four weeks consumption, compared with the normal six or seven weeks. "They can't go much lower," he says.

The recent sharp fall in stocks could have been caused by speculative buying, he says.

Stocks have been whittled away because demand has outpaced supply for nearly four years and Mr Briggs suggests it will not be until next year that producers can turn the situation around.

In more normal circumstances, strikes in Peru would not cause much disturbance to the copper price because disputes seem to be endemic in the industry there.

However, although Peru is responsible for only about 6 per cent of total non-socialist world copper production, it is an important element in the market because so much of its output is exported.

In Mr Bhar's words: "Sentiment about copper was bullish before. The strikes in Peru are underpinning that sentiment".

US offers subsidised poultry to Middle East

BY NANCY DUNNE IN WASHINGTON

THE US Department of Agriculture has made new offers of subsidised poultry in its drive to help American producers recapture markets lost to France and Brazil in the Middle East.

Mr Richard Goldbert, acting undersecretary of agriculture, has announced two "opportunities" for the sale of frozen poultry under the controversial export enhancement programme. Saudi Arabia has been made eligible for 20,000 tonnes, and five gulf states - Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates - have been offered 16,000 tonnes.

The offers represent an expansion of the subsidy programme in the Middle East. Only Egypt and Iraq have been previously been offered frozen broilers.

Egypt has thus far bought 74,000 tonnes and Iraq has bought 60,000 tonnes. Last month the USDA offered an additional 20,000 tonnes to Iraq.

The US launched its export enhancement programme in 1985 after failing to convince the EC and Brazil not to subsidise farm exports. In 1981, the National Broiler Council filed a trade complaint, saying it had been driven out of the Middle East markets by French and Brazilian subsidies.

The complaint went to non-binding arbitration under the general agreement for tariffs on trade, but it still remains unresolved.

According to a council economist, the US share of the Middle East poultry market fell from 50 per cent to zero before the export enhancement programme was launched. Domestically, prices have fallen below the cost of production, he said.

Unless export demand rises, prices are likely to fall further. The USDA said this week that meat and poultry production is likely to reach record levels in 1988.

Poultry production is about 7m tonnes a year with 350,000 tonnes going to the export market. ●Mr Richard Lyng, US Agriculture Secretary, who is visiting Madrid, said he would continue to put pressure on the EC not to impose a consumer tax on oils and fats, **Reuter reports.** Washington would retaliate if it went ahead.

Flower exporters urged to sharpen marketing

BY LAURA RAUN IN AMSTERDAM

FLOWER AND PLANT exporters in third world countries should sharpen their supply and marketing skills in an effort to widen their increasing share of global markets, according to Mr Jeremy Pertwee, an organiser of the International Floriculture Seminar held in Amsterdam this week.

He urged South American, African and Asian countries as well as more established producers to go directly to retail store chains to create outlets instead of selling to auction houses. But he emphasised that growers must deliver frequently to inner city stores and ensure high quality, consistency and cleanly packaged flowers and plants.

"Few stores have much storage, other than their shelves, that they would be prepared to give up to flowers, so the deliveries need to be made twice a week, ready for the shelf," he told participants at this week's seminar in Amsterdam. Plants should be cleaned, sleeved in plastic, labelled with the store's own brand label, priced, with a sell-by date and in some instances bar coded, he said. Cut flowers required the same treatment.

In the forefront of Third World producers of horticultural products are Central and South America, notably Costa Rica with pot plants and Colombia with cut flowers. Sri Lanka is quickly building up exports of young plants while Singapore is nurturing palm tree sales abroad.

Third World countries are keen to develop the horticulture industry because it is labour intensive and requires relatively little land while earning hard currency through exports. Moreover, exports often stimulate flower and plant sales at home.

Mr Pertwee, who heads up Pathfast of Essex, cast aside worries that newly producing countries would glut the world market with horticultural products and drive down prices. the market is growing so fast that demand is ample enough to absorb greater supplies, he contended.

The Netherlands continues to dominate the world trade in cut flowers with 63 per cent of the Fl4.2bn market in 1986, a market that was up 17 per cent from the year before. But Dutch nurserymen are worried that their world market share has dwindled

Oil outlook backs Opec hopes for new ceiling

By Richard Johns

THE LATEST projections by the International Energy Agency indicate that oil demand in the first quarter of 1988 should give the Organisation of Petroleum Exporting Countries reasonable scope to raise its ceiling on collective output despite the high level of stocks in prospect.

Even if production discipline is observed during this period, however, Opec is likely to be squeezed in the second quarter as consumption falls and non-Opec production rises, the forecast in the IEA's latest monthly oil market report suggests.

The requirement for Opec oil is calculated by the Paris-based agency at 19.1m barrels a day for the January-March period - assuming neutral stock movements. But its calculations show it falling to 16.9m b/d in the second quarter of 1988.

The IEA reckons that Opec crude output in October ran at 19m b/d, largely because of higher Iranian production averaging 2.4m b/d, compared with a level of 18.7m b/d in September. The current rate has been put at 17.5m-18m b/d by Mr Rilwanu Lukman, the Opec president.

Stocks were built up substantially during the third quarter of this year. Those on land in member states of the Organisation for Economic Co-operation and Development rose at a rate of 1.7m b/d.

Total supply, though, exceeded consumption by 2.6m b/d, suggesting that non-reported stocks (mainly in transit and outside the OECD are) increased by 600,000 b/d.

The IEA does not comment on the extent to which the build-up may have been caused by the crisis in the Gulf and fears of a cut-off supplies through the Strait of Hormuz.

According to the IEA's estimates OECD stocks-on-land at the beginning of October were 450m tons or 19m tons more than at mid-1987. But they were the equivalent of 99 days forwardsconsumpiton,almost exacity the same coverage as one year earlier.

●Oil prices weakened again yesterday on both sides of the Atlantic by 20-30 cents with, Brent Blend down 20 cents at $17.90 towards the end of European trading. West Texas Intermediate had fallen by 30 cents to $18.85 by noon in New York. Prices have registered losses of 70-90 cents since last Friday.

Pacific Islanders forced to tighten their belts

As a six month drought ends John Madely looks at the region's food industry

CASSAVA WAS last week being traded in a street market in Nu-ku'alosa, the capital of Tonga, at T$7 (£2.75) for a 5kg basket which would normally have fetched T$3; an 8kg water melon changed hands for T$15 - normal price T$5.

For the islands of the South Pacific, however, these are far from normal times. Many parts of the region, which usually has generous amounts of rain, are emerging from their worst drought in living memory. Last week of October a number of countries enjoyed their first rainfall for almost six months.

While food output is generally lower, there will be no widespread hunger in the region, although emergency food aid is needed in some areas.

Most people have enough to eat in the Pacific - in Fiji the obesity rate is almost 50 per cent more overweight people in Fiji than there are in Britain - and the shortages are chiefly making themselves felt in higher market prices. Purses no longer stretch to buying as much as before.

Economies in the region are generally heavily dependent on subsistence agriculture and often on a single export crop. For example over two-thirds of Tonga's total export earnings, come from coconuts, making the country highly vunerable to price changes on world markets.

The subsistence nature of agriculture, means that people in urban areas are bearing the brunt of the drought with farmers keeping more of their food rather than taking it to market.

While drought has increased food prices in many islands the combination of drought plus post-coup economic depression has forced them down in Fiji. Drought is particularly severe in the North and east of the main islands, Viti Levu.

Wells have dried up, cattle are dying through lack of fodder and the United Nations Development Programme Office in Suva has received a request for help.

Ominously for a country that earns around half its export earnings from sugar only 18 per cent of next year's sugar crop has so far been planted in the hard soil; around 70 per cent is normally planted out by this time.

Fijian farmers who take their goods to sell in the capital Suva face the problem that their urban customers have less money to spend in the current depression. Large piles of unsold perishable foods are to be seen most days in Suva's main food market.

One goatkeeping farmer bemoaned that goat prices had fallen from $220 a kg to $150, "barely enough to cover my costs of production."

Parts of Northern Papua New Guinea have also been stricken by drought with the coastal town of Madang severely affected by shortages. Relief aid from the US has been sought.

The region's export crops are generally holding up well, although depressed world copra prices are leading some farmers to conclude that harvesting coconuts is not worthwhile. Cocoa will this year replace copra (dried coconut kernels) as the major export agriculture earner for the Solomon Islands.

In Western Samoa, exports of the root crop taro have replaced copra as the country's main foreign exchange earner. Mr Tupola Tavita, the country's Director of Agriculture, estimated that around 20,000 tonnes of coconuts would this year be harvested instead of the normal 25,000 tonnes.

Exports of taro, Mr Tavita said, would probably increase this year from 5.5m to 6m tonnes. Taro, which is eaten like potatoes is a major commercial as well as subsistance crop in Fiji and Tonga. It is exported chiefly to Australia and New Zealand where there is a sizeable demand from Pacific Island exiles.

Although conditions in the region favour palm trees doubts are growing about the wisdom of increasing palm oil acreages. Expansion taking place especially in Papua New Guinea and the Solomon Islands is seen as contributing further to already depressed world prices

Little rice is grown on the Pacific Islands although in some countries, notably Fiji, there appears to be potential to increase output and cut down on imports, which come chiefly from Australia. Promotion of new agricultural exports from the region include sales from Tonga of vanilla and pumpkin to Japan.

The UN Industrial Development Organisation is funding a number of projects in the region to process agricultural products into manufacturered goods. In Tonga the floors of the Ministry of Foreign Affairs are covered with tiles made from coconut oil. Starch is also being made from cassava pellets .

A factor hindering agricultural planning in most Pacific Island countries is the lack of reliable statistics - one island is today making policy on 1961 statistics. The UN Food and Agriculture Organisation, is funding a $650,000 project to help countries improve their ability to produce up to date statistics.

Government officials are being trained to measure the output of subsistence farmers and compile basic data such as farm size profiles. A statistical complication is that very few frowers are engaged exclusively in farming. Most people in rural areas also earn money in other ways.

The lack of statistics extends to research. Papua New Guinea, for example, has around 1,200 varieties of sweet potato - "we only have records for ten of them," confessed a Ministry of Agriculture official.

One country has made impressive research in yams, "but nothing has been written down and nothing has got out to the farmers," said an official.

Although in normal times food supplies in most of the islands is plentiful and, except in barren atols, the need for increased output is not seen as a priority, there is concern among neutritionists about the consumption of imported canned food and the fatty nature of diets. Unicef is now engaged to encourage home gardens and more vegetables.

In some parts of the region, however, demand for fatty foods is strong. In western Samoa, for example, cheap and fatty meats such as mutton flaps and turkey tails are much in favour, and Australia and New Zealand are happy to export cuts their own populations no longer buy.

With social esteem being measured by girth in many Pacific countries such meats are gobbled up with relish and only the meagre lean bits discarded are.

Brazil begins coffee export auctions

BY RIK TURNER IN SAO PAULO

BRAZIL'S FIRST auction for the acquisiton of coffee for export was held by the Sao Paulo Commodity Exchange on November 4 with some 50,000 bags (60 kgs each) being sold for prices which reached US$47 a bag in a very active session.

Traders in Sao Paulo said these prices were not typical as they reflected demand from exporters who were committed to sales prior to the signing of the recent agreement which reintroduced country-by-country quotas under the International Coffee Agreement. This means that they are obliged to honour their commitments even if they have to pay unduly high prices to obtain the coffee. Further evidence of this situation was the small number of buyers, indicating that only those that really had to pay the high prices stayed in the market.

The next auction is due to be held on November 9 and traders predict continued strong demand with the situation returning to more normal price levels - considered to be between $20 and $25 per at present.

One auction is to be held by the Brazilian Coffee Instutute each week, with around 50,000 bags going on sale each time.

US markets

We apologise to our readers for the of the omission of the New York and Chicago commodities tables from our early edition yesterday (Thursday). This was due to a computer fault.

INDICES

REUTERS (Base: September 18 1931 = 100)

Nov 4	Nov 3	month ago	year ago
1651.8	1658.1	1659.1	1604.5

DOW JONES (Base: September 18 1931 = 100)

	Nov 4	Nov 3	month ago	year ago
Spot	125.95	125.67	127.25	120.88
Futures	127.76	127.44	132.39	120.25

LONDON MARKETS

COCOA PRICES fell further on the London Fox yesterday, with the March contract closing down £18 at £1,120.50 a tonne - its lowest level since January 5 1983. The bearish fundamentals and charts, coupled with the strength of sterling against the dollar, again dominated the market, dealers said. The market is also held down by panic selling by producers - Nigeria and Brazil aremaking constant daily sales, and other countries of origin may be forced to follow them. Dealers believe the market is rapidly approaching the pshcological support level of £1,100 a tonne, and could fall further if that level is breached. The projected market fall is likely to hinge on talks by the International Cocoa Organisation later this month on the possible resumption of buffer stock operations. Coffee prices were also sharply down, following heavy commission fund selling and the dollar's decline. However, there has been good recent demand from roasters, and sentiment in the market remains constructive. The market's volatility has attracted increased interest in traded options; the turnover of 110 lots yesterdayconsisted entirely of calls.On the London Metal Exchange aluminium prices again retreated, although they closed well above the day's lows. In the bullion markets platinum and silver again fell steeply, showing their dependence on an industrial base which could be hit by economic recession, dealers said.

LONDON BULLION MARKET

Gold (fine ounce)	$ price	£ equivalent
Close	456½-457½	257½-258¼
Opening	465¾-466¼	263¾-264¼
Morning fix	459.70	260.645
Afternoon fix	457.55	258.559
Day's high	465¾-466¼	
Day's low	454-456	

Gold & Platinum Coins	$ price	£ equivalent
US Eagle	470-475	265-268½
Mapleleaf	470-475	265-268½
Krugerrand	456½-459½	257½-259½
1/2 Krug	242-251	135.88-40.93
1/4 Krug	120-128	68.53-71.87
Angel	466-471	261.65-64.46
1/10 Angel	47-52	26.39-29.20
New Sov.	107½-108½	60½-61¼
Old Sov.	107½-109	60½-61½
Britannia	470-475	265-268½
Noble Plat	492-497	276.25-79.06

Silver (fine ounce)	UK pence	US cts equiv
Spot	356.15	628.50
3 months	354.10	640.15
6 months	371.75	651.70
12 months	386.65	675.45

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.5%) Strike price $ tonne	Calls Jan	Calls Mar	Puts Jan	Puts Mar
1575	87	74½	67	86
1600	75	64	79½	100
1625	64	54½	93	115

Copper (Grade A) Strike price $ tonne	Calls Jan	Calls Mar	Puts Jan	Puts Mar
1950	134	132½	70	150½
2000	107	112½	93	179
2050	84½	94½	119½	210½

Copper (Grade A) Strike price £ tonne	Calls Jan	Calls Mar	Puts Jan	Puts Mar
1125	56		41	
1150	44		54	
1175	34		68½	

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 0 tonne
Cash	1660-65	1715-25		1620-40		
3 months	1590-5	1649-51	1630/1620	1580-80	unquoted	2,549 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 35,525 tonne
Cash	934-6	973-8	926/924	925-6		
3 months	896-7	933-5	930/887	887-8	896-7	62,894 lots
Copper, Grade A (£ per tonne)						Ring turnover 63,250 tonne
Cash	1240-50	1219-21	1250/1220	1122½-3½		
3 months	1121-3	1129-30	113/1115	1110-5	1115-7	82,063 lots
Copper, Standard (£ per tonne)						Ring turnover 100 tonne
Cash	1205-15	1190-5		1195-200		
3 months	1110-15	1115-25		1110-15		33 lots
Silver (US cents/fine ounce)						Ring turnover 10,000 ozs
Cash	632-5	668-70	618	618-23		
3 months	643-6	682-4		628-33	650-3	590 lots
Lead (£ per tonne)						Ring turnover 10,525 tonne
Cash	358-9	352-3	366.5/359	368-8.5		
3 months	340-1	336.5-7	345/337	344.5-45	339-40	12,599 lots
Nickel (£ per tonne)						Ring turnover 1,410 tonne
Cash	3200-10	3250-60	3240/3230	3225-30		
3 months	3188-90	3240-5	3230/3180	3215-6	3185-90	8,332 lots
Zinc (£ per tonne)						Ring turnover 7,800 tonne
Cash	451-2	450-1		455.5-6.5		
3 months	452-3	461-2	456.5/452	454-4.5	452-3	14,508 lots

SPOT MARKETS

Crude oil (per barrel FOB November)		+ or -
Dubai	$16.55-6.62y	+0.01
Brent Blend	$17.80-7.90	-0.01
W.T.I. (1 pm est)	$18.83-8.88y	-0.12

Oil products (NWE prompt delivery per tonne CIF December)		+ or -
Premium Gasoline	182-185	-1
Gas Oil	182-184	-0.5
Heavy Fuel Oil	93-94	-1
Naphtha	157-159	
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)	$457	-9.25
Silver (per troy oz)	356.15p	-18.90
Platinum (per troy oz)	$464.50	-38.60
Palladium (per troy oz)	$104.50	-8.76
Aluminium (free market)	$1630	-25
Copper (US Producer)	96.25c	+2.25
Lead (US Producer)	42.00c	
Nickel (free market)	288c	-1
Tin (European free market)	£3887.5	-37.50
Tin (Kuala Lumpur market)	17.26r	+0.06
Tin (New York)	325.5c	+2
Zinc (Euro. Prod. Price)	$820	
Zinc (US Prime Western)	43.375c	
Cattle (live weight)†	100.48p	+2.77*
Sheep (dead weight)†	195.62p	+17.19*
Pigs (live weight)†	76.18p	+1.51*
London daily sugar (raw)	$178.60x	-4.00
London daily sugar (white)	$190.00x	-3.00
Tate and Lyle export price	£206.50	-3.50
Barley (English feed)	£108.00	
Maize (US No. 3 yellow)	£132.00	-1.00
Wheat (US Dark Northern)	£98.00	-0.75
Rubber (spot)♥	59.50p	-1.50
Rubber (Dec)♥	62.00p	-1.50
Rubber (Jan)♥	62.50p	-1.50
Coconut oil (Philippines)§	$467.50x	
Palm Oil (Malaysian)§	$347.50	
Copra (Philippines)§	$310.00w	
Soyabeans (US)	$134.00	-0.50
Cotton "A" index	75.00c	+0.40
Wooltops (64s Super)	515p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lbs. r-ringgit/kg. v-Jan/Mar. w-Oct. x-Nov/Dec.y-Dec. z-Jan/Feb. † Meat Commission average fatstock. * change from a week ago. ♥ London physical market. § CIF Rotterdam

GAS OIL $/tonne

	Close	Previous	High/Low
Nov	161.50	162.50	162.50 160.75
Dec	162.00	163.00	163.50 161.25
Jan	162.25	163.00	163.00 161.00
Feb	160.50	161.50	161.25 160.50
Mar	159.00	159.00	168.00 168.00

Turnover 7149 (4780) lots of 100 tonnes

FREIGHT FUTURES £/index point

	Close	Previous	High/Low
Jan	1249.0	1240.0	
Apr	1299.0	1265.0	1260.0 1240.0
Jly	1142.5	1130.0	1278.0 1269.0
BFI	1174.0	1171.5	1142.5 1130.0

Turnover 223 (158)

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Nov	110.20	110.00	110.25 109.90
Jan	112.55	112.50	112.75 112.50
Mar	114.45	114.50	114.75 114.45
May	116.75	116.90	117.00 116.75
Jly	119.00	119.25	119.25 119.00
Sep	102.70	102.40	102.70 102.70
Nov	104.45	104.25	104.45 104.15

Barley	Close	Previous	High/Low
Nov	105.30	104.45	105.30
Jan	106.85	107.05	107.00 106.80
Mar	109.10	109.25	109.20 109.00
May	110.75	110.90	110.85 110.75
Sep	99.00	99.10	99.10 99.00
Nov	101.00	101.20	101.00

Turnover: Wheat 334 (195), Barley 127 (95). lots of 100 tonnes.

FRUIT AND VEGETABLES

Supplies of English dessert apples remain good and prices stable with Coxs at 35-50p a lb, Spartans and Russets 40-45p,reports FFVB. A temporary reduction in supplies of Bramleys due to recent power cuts at packhouses lifted prices to 30-45p (previous week 25-40p).

POTATOES £/tonne

	Close	Previous	High/Low
Nov	89.0	86.50	89.0 82.0
Feb	101.9	102.00	
Mar	90.0	91.00	
Apr	149.7	152.80	152.5 149.0
May	164.0	166.50	165.0 163.5

Turnover 566 (687) lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Dec	132.10	130.50	
Feb	132.50	131.50	130.50
Apr	132.00	131.20	130.50
Jun	123.00	122.20	
Aug	121.50	121.00	
Oct	123.50	123.00	
Dec	125.00	125.00	

Turnover 20 (54) lots of 100 tonnes.

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Dec	16360	158.80	0 0
Mar	17000	164.80	17200 16400
May	17080	166.00	17200 16520
Aug	17220	167.80	17280 16740
Oct	17360	169.00	17380 16880
Dec	7600	173.00	0 0
Mar	18200	178.80	0 0

White	Close	Previous	High/Low
Dec	196.00	190.50	196.80 190.70
Mar	201.50	196.80	202.30 196.00
May	205.50	200.00	206.00 203.00
Aug	208.90	203.00	209.50 206.00
Oct	210.50	204.00	208.00 205.00
Dec	212.00	205.00	209.00
Mar	217.00	208.00	197.00

Turnover: Raw 3209 (2228) lots of 50 tonnes. White 1598 (1228).
Paris- White (FFr per tonne):Dec 1113, Mar 1149, May 1175, Aug 1200, Oct 1215,Dec 1230.

COCOA £/tonne

	Close	Previous	High/Low
Dec	1098	1106	1098 1084
Mar	1121	1139	1130 1117
May	1143	1162	1153 1140
Jly	1164	1186	1172 1163
Sep	1184	1205	1192 1182
Dec	1209	1228	1218 1205
Mar	1234	1253	1242 1233

Turnover: 4447 (3897) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for November 4: 1428.75 (1430.67) .10 day average for November 5: 1457.38 (1463.15) .

COFFEE £/tonne

	Close	Previous	High/Low
Nov	1206	1245	1238 1200
Jan	1235	1277	1271 1230
Mar	1260	1303	1295 1256
May	1291	1326	1322 1290
Jly	1310	1349	1342 1308
Sep	1338	1368	1360 1345
Nov	1375	1400	0 0

Turnover: 5338 (2046) lots of 5 tonnes
ICO indicator prices (US cents per pound) for November 4 :Comp. daily 113.33 (113.28) . 15 day average 111.96 (111.89).

US MARKETS

The precious metals again came under early pressure as trade and commission house selling touched off sell stops in the gold and silver, reports Drexel Burnham Lambert. Prices recovered slightly on trade buying and mixed short-covering following penetration of support levels. Platinum was limit-down in all but the spot November position which closed sharply lower mainly as a result of local spread activity. Copper continued to rally on fund and overseas buying, the advance being fuelled by reports of a strike at a processing plant and fears of declining stocks. In crude oil early trade and fund selling depressed prices before short-covering and trade buying pared losses. A report that the ICO was clarifying coffee quotas led to commission house and trade buying in the futures, touching off stops before profit-taking pared gains. Aggressive trade buying firmed sugar before origin-type selling and profit-taking held the advance. Cocoa fell to new contract lows on commission house selling before arbitrage buying and short-covering helped prices recover. Cotton futures were dominated by local activity. The trade was noted as a light seller. The meats continued to recover on mixed short-covering, though once again volumes were light. The grains were firm across the board, the rally being led by soyameal which rose on reports that the Soviet Union will buy 350,000 tons of meal for January-June 1988 delivery. Good commercial buying was noted in the meal which also helped soyabeans firm on professional buying. Soya oil futures rose as the premium structure improved. Anticipated expansion of export business helped maize rally. Wheat, too, was firm, but was held back by anticipated US Government sales out of its inventory.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low
Nov	457.5	465.3	457.0 456.0
Dec	461.7	469.2	459.5 459.0
Jan	459.2	470.8	462.2 456.0
Feb	464.8	474.1	467.8 461.0
Apr	470.4	480.0	472.8 467.0
Jun	476.0	486.9	479.5 473.5
Aug	481.8	492.0	482.0 480.0
Sep	460.0	460.0	461.0 461.0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low
Nov	159.25	155.50	159.50 156.00
Jan	154.35	150.85	155.45 150.00
Mar	152.85	149.90	154.00 149.00
May	151.50	149.75	153.05 151.00
Jly	151.25	149.15	152.80 149.50
Nov	146.00	146.65	0 0
Jan	146.20	145.90	0 0
Mar	146.20	145.90	0 0

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low
Dec	1812	1789	1814 1784
Mar	1838	1826	1843 1817
May	1870	1857	1873 1851
Jly	1900	1885	1900 1880
Sep	1930	1915	1930 1930
Dec	1967	1955	1978 1960
Mar	1999	1986	0 0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low
Dec	125.90	123.66	126.00 122.95
Mar	130.49	128.22	130.80 127.75
May	132.64	130.17	132.75 129.75
Jly	133.75	131.70	133.75 131.25
Sep	135.00	133.34	135.00 132.50
Dec	136.13	134.15	133.10 133.10
Mar	137.00	131.23	137.00 137.00

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low
Nov	92.45	91.75	0 0
Dec	89.90	89.25	91.00 88.15
Jan	88.40	87.70	0 0
Mar	85.40	84.80	85.80 83.30
May	82.60	82.20	82.40 81.00
Jly	80.80	80.20	80.80 79.00
Sep	80.00	79.45	79.30 79.30
Dec	79.80	79.10	80.40 78.00
Jan	79.75	79.05	0 0
Mar	79.70	79.00	79.10 79.10

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low
Nov	461.1	493.2	469.5 458.0
Dec	472.3	497.3	0 0
Jan	475.3	500.3	475.3 475.3
Apr	484.3	509.3	484.3 484.3
Jly	493.3	518.3	493.3 493.3
Oct	502.3	527.3	502.3 502.3
Jan	511.8	536.8	0 0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low
Nov	627.2	666.3	626.0 619.0
Dec	630.0	669.5	643.0 624.0
Jan	633.9	673.4	0 0
Mar	643.0	683.4	658.0 640.0
May	651.2	692.3	665.0 645.0
Jly	659.5	701.3	672.0 650.0
Sep	666.1	710.6	683.0 669.0
Dec	682.1	725.9	697.0 669.7
Jan	686.6	730.8	0 0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low
Jan	7.00	6.80	0 0
Mar	7.55	7.34	7.57 7.41
May	7.62	7.41	7.71 7.48
Jly	7.67	7.46	7.75 7.53
Oct	7.70	7.56	7.82 7.61
Jan	7.88	7.78	0 0
Mar	8.04	7.94	8.08 8.04

COTTON 50,000; cents/lbs

	Close	Previous	High/Low
Dec	67.50	67.35	67.99 66.55
Mar	68.75	68.69	69.20 67.90
May	69.40	69.30	69.90 68.40
Jly	69.35	69.30	69.50 68.40
Oct	65.55	65.40	65.70 65.50
Dec	64.50	64.30	64.75 64.00
Mar	65.85	65.45	66.00 66.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low
Dec	18.94	19.09	18.96 18.75
Jan	18.90	18.98	18.94 18.67
Feb	18.81	18.89	18.88 18.58
Mar	18.77	18.78	18.80 18.48
Apr	18.70	18.74	18.70 18.50
May	18.70	18.65	18.70 18.45
Jun	18.58	18.69	18.80 18.47
Jly	18.50	18.65	18.55 18.32
Aug	18.36	18.65	18.36 18.36
Sep	18.39	18.70	18.39 18.39

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low
Dec	55.23	55.30	55.25 54.50
Jan	55.01	55.15	55.05 54.40
Feb	54.45	54.50	54.45 53.85
Mar	52.60	52.70	52.70 52.00
Apr	50.85	50.80	51.00 50.30
May	49.75	49.46	49.75 49.30
Jun	49.25	49.05	49.25 49.00
Jly	49.40	49.30	49.40 49.25
Aug	49.80	49.60	49.80 49.80

Chicago

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low
Dec	17.52	17.28	17.59 17.29
Jan	17.69	17.43	17.74 17.45
Mar	17.98	17.74	18.06 17.76
May	18.20	18.00	18.25 18.01
Jly	18.42	18.20	18.50 18.12
Aug	18.50	18.25	18.50 18.30
Sep	18.47	18.27	18.50 18.20
Oct	18.47	18.30	18.45 18.50
Dec	18.75	18.55	18.75 18.75

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low
Dec	183.6	177.6	186.5 179.0
Jan	178.7	172.1	179.8 173.5
Mar	171.7	168.1	174.0 169.5
May	168.2	165.3	170.3 166.5
Jly	168.1	163.2	169.0 164.5
Aug	165.0	163.2	168.0 164.5
Sep	164.0	161.7	167.0 163.0
Oct	163.5	161.6	166.0 163.0
Dec	164.0	162.0	167.0 163.0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low
Dec	285/4	284/0	287/2 283/4
Mar	298/4	297/0	300/0 297/0
May	298/0	296/6	299/4 297/0
Jly	283/4	282/0	285/0 282/4
Sep	287/4	286/0	289/0 287/4
Dec	297/0	295/4	0 0

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low
Dec	42.70	42.17	42.85 41.60
Feb	42.15	41.25	42.20 40.90
Apr	39.47	38.72	39.65 38.47
Jun	42.57	41.95	42.65 41.85
Jly	42.40	42.12	42.57 41.90
Aug	41.55	40.95	41.65 40.85
Oct	39.00	38.60	39.00 38.50
Dec	38.10	38.85	39.30 39.10

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low
Dec	180/0	177/2	181/2 178/0
Mar	184/4	181/4	186/4 182/2
May	189/0	186/4	190/0 187/0
Jly	192/6	190/2	193/4 190/2
Sep	190/4	189/0	191/6 189/0
Dec	190/2	189/0	191/2 188/4
Mar	195/4	195/4	196/2 194/4

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low
Feb	54.85	54.00	55.50 53.25
Mar	54.45	53.92	55.20 53.15
May	55.60	55.20	56.30 54.45
Jly	55.85	55.60	56.25 54.85

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low
Nov	538/4	529/0	543/0 531/0
Jan	546/0	537/2	551/0 538/0
Mar	552/2	542/6	556/0 545/0
May	555/0	545/6	559/4 547/4
Jly	556/2	547/0	561/0 549/4
Aug	553/4	543/4	557/4 549/0
Sep	544/0	537/4	548/4 541/0
Nov	542/6	535/2	547/2 537/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low
Dec	62.82	62.22	62.95 61.15
Feb	60.02	59.75	60.20 58.80
Apr	62.77	62.36	63.02 61.80
Jun	62.77	62.38	62.90 61.80
Aug	61.25	60.80	61.40 60.10
Oct	60.10	59.70	60.35 59.25
Dec	61.50	61.10	61.50 60.85

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

No respite for US dollar

THE DOLLAR fell to a record low against most currencies yesterday because most investors and speculators saw little chance of any agreement being reached on a reduction in the US budget deficit.

This was the primary factor affecting sentiment in additon to comments made by Mr James Baker, US Treasury Secretary, that the US wanted to avoid a recession even at the risk of a lower dollar, and a cut in many European interest rates failed to have much effect. The West German Bundesbank cut its Lombard rate to 4½ p.c. from 5 p.c. and the French authorities increased their money market intervention rate to 8¼ p.c. from 7½ p.c. These were seen primarily as an attempt to reduce a build up of speculative pressure within the European Monetary System, following a sharp rise in the D-Mark and a sudden decline in the value of the French franc. The Swiss central bank also cut its discount rate to 3 p.c. from 3½ p.c.

Despite this and intervention by the Bundesbank at the fixing in Frankfurt, in support of the dollar, the US unit continued to lose ground. Only a cut in the budget deficit significantly above the $23bn Gramm Rudman amendment was likely to pull the dollar round, according to most dealers.

The dollar fell to a record closing low of DM1.6680 from DM1.7120 and Y134.50 from Y137.15, also a record closing low. Elsewhere it finished at a record SFr1.3680 from SFr1.4120 and FFr5.6400 compared with FFr5.8250. On Bank of England figures, the dollar's exchange rate index fell from 97.8 to 96.9.

STERLING-Trading range against the dollar in 1987 is 1.7855 to 1.4710. October average 1.6620. Exchange rate index 75.8 from 75.4 at the opening and 75.0 on Wednesday. The six months ago figure was 73.5.

Sterling finished below its best level but was still up from Wednesday's levels. It lost ground against most European currencies but rose sharply against the US dollar to $1.7855 from $1.7475, its highest level since June 1982. Against the D-Mark it fell to DM2.9775 from DM2.9925 but rose to Y240.25 from Y239.75. Elsewhere it slipped to SFr2.4425 from SFr2.4675 and FFr10.07 compared with FFr10.18.

D-MARK-Trading range against the dollar in 1987 is 1.9305 to 1.6680. October average 1.8011. Exchange rate index 150.8 against 147.4 six months ago.

The Bundesbank's decision to cut its Lombard rate to 4½ p.c. from 5 p.c. appeared to have little effect even though it was claimed to be part of a coordinated action which included a rise in the French money market intervention rate to 8¼ p.c. from 7½ p.c.

The dollar was fixed at its lowest fixing level ever at DM1.6950, down from DM1.7090 on Wednesday despite intervention at the fixing by the Bundesbank of $100.6m.

JAPANESE YEN-Trading range against the dollar in 1987 is 159.45 to 134.50. October average 143.27. Exchange rate index 228.3 against 226.9 six months ago.

Further funds were switched out of the dollar in Tokyo as both investor confidence and the US unit hit record lows. Fading hopes of any real progress in cutting the budget deficit meant that most people now expected the dollar to move lower.

The Bank of Japan was busy giving support estimated at $1½bn which may have helped to plaster over some of the more savage attacks but the dollar still finished at a post war low of Y135.95 after touching a low of Y135.35. This was well down from the close of Y136.65 in New York and Y137.25 in Tokyo on Wednesday.

In Lagos the Nigerian naira eased against the dollar at the auction with the US unit improving to 4.2998

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Nov.5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.1432	+1.61	+0.81	±1.5344
Danish Krone	7.85212	7.96934	+1.49	+0.69	±1.6404
German D-Mark	2.05853	2.06054	+0.10	-0.70	±1.0981
French Franc	6.90403	7.02323	+1.73	+0.93	±1.3674
Dutch Guilder	2.31943	2.31843	-0.04	-0.84	±1.5012
Irish Punt	0.768411	0.775856	+0.97	+0.17	±1.6684
Italian Lira	1483.58	1523.81	+2.71	+2.11	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Nov.5	Close	Previous Close
£ Spot	1.7700-1.7710	1.7540-1.7550
1 month	0.32-0.30pm	0.35-0.33pm

POUND SPOT- FORWARD AGAINST THE POUND

STERLING INDEX

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

CURRENCY RATES

EURO-CURRENCY INTEREST RATES

CURRENCY MOVEMENTS

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

OTHER CURRENCIES

	£	$
Luxembourg	61.45-61.55	35.40-35.50
Malaysia	4.3910-4.4025	2.4925-2.4945
Mexico	2928.35-2933.55	1661.00-1663.00
N. Zealand	2.8675-2.8775	1.6260-1.6285
Saudi Ar.	6.6015-6.6075	3.7500-3.7510
Singapore	3.6125-3.6200	2.0535-2.0545
S. Af (Cm)	3.4870-3.5030	1.9855-1.9895
S. Af (Fn)	5.9215-6.1275	3.3615-3.4785
Taiwan	52.60-52.85	29.90-30.00
U.A.E.	6.4650-6.4710	3.6725-3.6735

*Selling rate

FINANCIAL FUTURES

Gilts trimmed by profit taking

Interest rate futures rose on the London International Financial Futures Exchange yesterday, as moves in international interest rates and the sharp fluctuation in currencies were at the centre of attention.

The strength of the pound, weakness of the dollar, rise in Japanese bonds, and Wednesday's Mansion House speech by the Chancellor, as well as expectations of lower West German interest rates, led to a firm start in long term gilt futures on Liffe.

December delivery opened a full point higher at 123-12, and rose to a peak of 124-01 as the West German Bundesbank cut its Lombard rate by ½ p.c. to 4½ p.c. The cut in the Swiss discountrate and speculation about another reduction in UK bank base rates added to the general mood of euphoria.

Dealers said underlying sentiment was extremely nervous, watching the loss of confidence in the dollar on the foreign exchanges. This encouraged profit taking, bringing the December gilt contract back to close little changed from its opening level, at 123-13, compared with 122-12 on Wednesday.

US Treasury bond futures for December delivery also opened higher, at 89-02, as fears about demand at last night's US Treasury 30-year-bond auction eased. Wednesday's 10-year note sale was regarded as disappointing, but confidence was boosted by news that the Treasury would offer only $4.75bn of 30-year bonds, which was about half the amount expected.

In spite of the acute weakness of the dollar Wall Street rallied in early trading, and sentiment in the bond market was underpinned by the cut of ¼ p.c. to 8¾ p.c. in US banks prime rates.

December bonds rose to a peak of 90-15 on Liffe, before closing at 89-31, against the previous settlement of 88-28.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-Last Dec	Calls-Last Mar	Puts-Last Dec	Puts-Last Mar
106	17.26	17.20	0.00	0.02
108	15.26	15.23	0.00	0.05
110	13.26	13.28	0.00	0.10
112	11.26	11.38	0.00	0.20
114	9.26	9.49	0.00	0.31
116	7.28	8.06	0.02	0.52
118	5.35	6.94	0.09	1.16
120	3.48	5.11	0.22	1.57

Estimated volume total, Calls 7029 Puts 2035
Previous day's open int: Calls 40359 Puts 30809

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-Last Dec	Calls-Last Mar	Puts-Last Dec	Puts-Last Mar
70	19.62	19.02	0.00	0.02
72	17.62	17.05	0.00	0.05
74	15.62	15.09	0.00	0.09
76	13.62	13.16	0.00	0.16
78	11.62	11.29	0.00	0.29
80	9.63	9.47	0.01	0.47
82	8.01	8.08	0.03	1.08
84	6.07	6.43	0.09	1.43

Estimated volume total, Calls 272 Puts 3
Previous day's open int: Calls 2615 Puts 2027

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-Last Nov	Calls-Last Dec	Puts-Last Nov	Puts-Last Dec
17000	3.09	7.01	11.59	15.51
17250	2.45	6.15	13.45	17.19
17500	1.91	5.45	15.41	18.95
17750	1.48	4.78	17.48	20.78
18000	1.13	4.18	19.63	22.68
18250	0.85	3.64	21.85	24.64
18500	0.64	3.16	24.14	26.66
18750	0.47	2.74	26.47	28.74

Estimated volume total, Calls 5 Puts 5
Previous day's open int: Calls 73 Puts 177

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

LIFFE SE £/$ OPTIONS
£12,500 (cents per £1)

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

LIFFE-EURODOLLAR OPTIONS

LONDON

CHICAGO

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Close	High	Low	Prev.
Dec	94.28	94.38	94.28	94.18
Mar	93.86	93.90	93.80	93.63
Jun	93.43	93.44	93.38	93.19
Sep	93.15	93.20	93.15	92.88
Dec	92.75	92.75	92.75	92.62
Mar	92.55	92.55	0	92.46

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Close	High	Low	Prev.
Dec	0.7206	0.7227	0.7187	0.7145
Mar	0.7277	0.7286	0.7255	0.7214
Jun	0.7340	0.7340	0.7330	0.7284
Sep	0.7400	0.7400	0.7400	0.7370

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Close	High	Low	Prev.
Dec	0.5919	0.5932	0.5908	0.5883
Mar	0.5971	0.5983	0.5958	0.5934
Jun	0.6030	0.6030	0.6030	0.5986
Sep	0	0	0	0.6040
Dec	0	0	0	0.6094

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Close	High	Low	Prev.
Dec	92.69	92.75	92.66	92.50
Mar	92.53	92.58	92.49	92.29
Jun	92.13	92.15	92.10	91.86
Sep	91.75	91.76	91.71	91.51
Dec	91.47	91.49	91.44	91.25
Mar	0	91.26	91.21	91.04
Jun	91.04	91.07	91.02	90.86
Sep	90.85	90.88	90.83	90.70

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Dec	251.25	251.50	247.75	250.15
Mar	252.50	252.50	250.00	251.50
Jun	0	254.10	252.00	253.50
Sep	0	257.50	255.90	257.40

CURRENCY FUTURES

I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD
Tel: 01-828 7233/5699 Reuters Code: IGIN, IGIO

FT 30			FTSE 100			WALL STREET		
Nov.	1272/1287	+12	Nov.	1620/1635	+2	Nov.	1955/1975	+22
Dec.	1272/1287	+8	Dec.	1620/1635	−3	Dec.	1955/1975	+17

Dealing hours from 9am to 9pm. Prices taken at 5pm.

$ WORLD VALUE OF THE DOLLAR
BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON

The table below gives the latest available rate of exchange for the U.S. dollar against various currencies as of Wednesday, October 28, 1987. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America Global Trading, London, New York, Tokyo, San Francisco, Los Angeles, Toronto.
24-hours a day trading capability.
Enquiries: 01-634 4360/5. Dealing: 01-236 9861.

ECU=$US1.20564 SDR1=$US1.1.33542
As of November 4, at 11.00 a.m.

	3 months	6 months
Eurodollar Libor:	7⅜	7⅜
Sibor:	7⅝	7⅝

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60	Greenland	Danish Krone	6.59	Pakistan	Pakistan Rupee	17.6039
Albania	Lek	5.7813	Grenada	E. Caribbean $	2.70	Panama	Balboa	1.00
Algeria	Dinar	4.67	Guadaloupe	Local Franc	5.8245	Papua New Guinea	Kina	0.9095

MONEY MARKETS

More rate cuts

Interest rates moved nervously in major financial markets yesterday, as dealers reacted to the outcome of the West German Bundesbank's council meeting, and a further cut in US banks prime lending rates.

The German central bank acted in conjuction with the Bank of France, as German rates were cut and French rates increased, in a move to bring stability to the European Monetary System.

UK clearing bank base lending rate 9 per cent from November 5

In London three-month interbank fell to 8⅞-8¾ p.c. from 9⅛-9 p.c. as the strength of sterling and the weakness of the dollar led to expectations of another cut in UK bank base rates.

The Bank of England initially forecast a money market shortage of £700m, but revised this to £800m at noon, and to £850m in the afternoon. Total help of £967m was provided.

Before lunch the authorities bought £132m bills, by way of £88m bank bills in band 1 at 8⅞ p.c., and £44m bank bills in band 2 at 8⅞ p.c.

In the afternoon the Bank of England bought another £700m bills, through £31m Treasury bills in band 1 at 8⅞ p.c.; £422m bank bills in band 1 at 8⅞ p.c.; and £247m bank bills in band 2 at 8⅞ p.c. Late assistance of around £135m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £571m, with Exchequer transactions absorbing £10m; a rise in the note circulation £55m; and bank balances below target £65m.

In New York banks cut their prime rates to 8¾ p.c. from 9 p.c.

In Frankfurt the Bundesbank council decided to cut the Lombard emergency financing rate to 4.50 p.c. from 5 p.c., while leaving the discount rate at 3 p.c. The German authorities added that the next rate that liquidity would be offered to the banking system, through a securities repurchase agreement tender, would be 3.50 p.c.

In Paris the Bank of France raised its money market intervention rate to 8¼ p.c. from 7½ p.c., and its seven-day repurchase rate to 8¾ p.c. from 8 p.c.

In Zurich the Swiss National Bank cut its discount rate by ½ p.c. to 3 p.c. and its Lombard rate by ½ p.c. to 4½ p.c. from today. The four major Swiss commercial banks had earlier reduced their customer time deposit rates by ¼ p.c. to 3 p.c.

In Amsterdam the Dutch Central Bank decided not to change its leading interest rates, in spite of the Bundesbank move and the strength of the guilder in the EMS. The directors of the central bank met, but saw no reason to follow the Bundesbank cut. The Dutch discount has already been cut by ¼ p.c. this week.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY NOVEMBER 4 1987					TUESDAY NOVEMBER 3 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (180)	96.47	−4.4	81.85	95.10	4.12	100.94	85.93	100.23	180.81	96.47	92.21
Austria (32)	93.31	−3.5	79.17	83.12	2.51	96.65	82.28	85.75	158.84	85.53	91.41
Belgium (96)	100.24	−2.5	85.04	88.87	5.33	102.77	87.49	91.37	134.89	96.19	89.69
Canada (254)	104.04	+0.0	88.27	99.75	3.09	104.01	88.55	99.60	141.78	98.15	99.75
Denmark (76)	108.94	+0.8	92.43	97.76	3.01	108.03	91.97	97.38	124.83	98.18	93.99
France (240)	84.29	−2.4	71.51	77.02	3.56	86.34	73.50	78.96	121.82	79.10	91.19
West Germany (186)	78.41	−3.5	66.52	69.79	2.72	81.22	69.15	72.42	104.93	77.58	91.26
Hong Kong (92)	79.97	−4.2	67.85	80.19	6.03	83.52	71.10	83.76	158.68	79.97	85.98
Ireland (28)	100.59	−6.9	85.34	91.18	4.91	108.03	91.97	98.43	160.22	99.50	84.55
Italy (190)	77.04	−1.0	65.37	72.64	2.62	77.84	66.27	73.65	112.11	76.66	101.40
Japan (916)	136.79	−1.5	116.05	118.59	0.58	138.82	118.18	120.53	161.28	100.00	85.44
Malaysia (72)	108.61	−3.5	92.15	104.77	3.47	112.58	95.84	108.61	193.64	98.24	103.22
Mexico (28)	229.32	−4.9	194.56	415.46	0.73	241.26	205.39	434.05	422.59	99.72	85.60
Netherland (74)	92.89	−3.3	78.80	81.55	5.46	96.05	81.77	84.94	131.41	92.89	93.81
New Zealand (46)	80.58	−5.3	68.36	69.58	4.32	85.05	72.41	74.82	138.99	80.58	89.53
Norway (48)	119.92	−5.3	101.74	105.06	2.59	126.59	107.77	111.47	185.01	100.00	101.32
Singapore (54)	99.47	−3.0	84.39	94.36	2.54	102.56	87.31	97.29	174.28	90.19	104.33
South Africa (122)	120.66	−6.9	102.37	90.96	4.61	129.56	110.30	97.69	198.09	100.00	98.49
Spain (86)	127.78	−2.5	108.41	110.50	3.67	131.04	111.56	113.52	168.81	100.00	87.05
Sweden (68)	97.71	−5.4	82.90	88.85	2.57	103.33	87.97	94.15	136.64	90.85	102.35
Switzerland (106)	81.58	−3.4	69.22	71.42	2.33	84.46	71.90	73.99	111.11	80.90	89.64
United Kingdom (664)	115.13	−2.5	97.68	97.68	4.68	118.12	100.55	100.55	162.87	99.65	94.17
USA (1166)	101.56	−0.7	86.16	101.56	3.60	102.30	87.09	102.30	137.42	92.83	102.56
Europe (2841)	97.07	−2.5	82.35	84.82	3.94	99.59	84.79	87.41	130.02	97.07	93.48
Pacific Basin (2040)	133.17	−1.6	112.98	116.38	0.79	135.36	115.24	118.49	158.77	100.00	85.82
Euro–Pacific (4881)	118.76	−1.9	100.76	103.78	1.82	121.09	103.08	106.08	143.65	100.00	88.85
North America (2130)	101.78	−0.6	86.35	101.48	3.58	102.39	87.17	102.17	137.55	93.20	102.41
Europe Ex. UK (1845)	85.68	−2.8	72.70	76.92	3.32	88.11	75.02	79.33	111.97	84.82	93.08
Pacific Ex. Japan (666)	89.51	−4.3	75.94	87.63	4.61	93.56	79.66	92.10	164.03	89.51	90.62
World Ex. US (10236)	118.52	−1.8	100.55	103.69	1.89	120.66	102.72	105.97	143.38	100.00	89.34
World Ex. UK (10989)	111.62	−1.3	94.70	103.65	2.26	113.11	96.29	105.26	138.82	100.00	94.53
World Ex. So. Af. (11802)	111.88	−1.4	94.92	103.08	2.47	113.43	96.56	104.78	139.47	100.00	94.46
World Ex. Japan (10611)	100.05	−1.4	84.88	95.09	3.74	101.43	86.35	96.72	134.22	96.44	98.84
The World Index (9573)	111.94	−1.4	94.97	103.02	2.49	113.53	96.65	104.76	139.73	100.00	94.49

Base values: Dec 31, 1986 = 100
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New York market closed at 14.30 hrs local time.
Latest prices were unavailable for this edition.

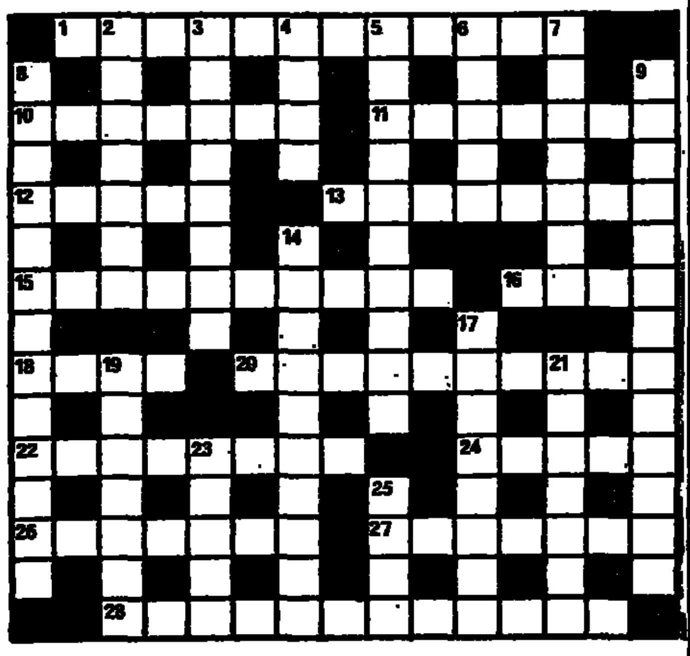
EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Nov 87		Feb 88		May 88		
GOLD C	$420	43	39	—	—	—	—	$457.25
GOLD C	$440	—	—	103	38.10	3	50	"
GOLD C	$460	210	6.50	771	25.80	3	39	"
GOLD C	$480	452	2.90	286	18.50	—	—	"
GOLD C	$500	10	1.50A	51	12	—	—	"
GOLD C	$520	11	0.70	18	8A	51	15	"
GOLD P	$440	45	3.50	761	15.50	28	17	"
GOLD P	$460	45	9	53	21	—	—	"
GOLD P	$480	5	23B	411	33	2	34B	"
GOLD P	$500	—	—	210	46	200	49	"
		Dec. 87		Mar. 88		June 88		
SILVER C	$700	119	35	—	—	—	—	$632
SILVER P	$750	45	120	—	—	—	—	"
		Nov. 87		Dec. 87		Jan. 88		
$/Fl C	Fl.195	132	1.20	75	2.20	79	3	Fl.190.50
$/Fl P	Fl.185	43	1	85	1.70	47	3.30	"
$/Fl P	Fl.190	122	1.80	275	3.40	94	4.50	"
$/Fl P	Fl.195	167	5	141	6.50B	88	7.60	"
$/Fl P	Fl.200	98	9.40	109	10	5	11.20	"
$/Fl P	Fl.205	23	14.50	37	15	3	15.30	"
$/Fl P	Fl.235	—	—	34	45	—	—	"
		Mar. 88		June 88		Sept. 88		
$/Fl C	Fl.195	50	3.95	10	4.50B	—	—	Fl.190.50
$/Fl C	Fl.210	34	0.90	113	1.20	—	—	"
$/Fl P	Fl.185	40	5.20	—	—	—	—	"
$/Fl P	Fl.205	—	—	50	18.50	2	20	"
		Nov. 87		Dec. 87		Jan. 88		
EOE Index C	Fl.175	—	—	122	11.50B	48	13.20B	Fl.171.10
EOE Index C	Fl.185	239	3.50	10	8	49	9.50	"
EOE Index P	Fl.175	—	—	73	15	201	18.50A	"
EOE Index P	Fl.185	189	15	79	20.50	25	25	"
		Jan. 88		Apr. 88		Jul. 88		
ABN C	Fl.40	674	2.20	91	4	36	4.60	Fl.37.20
ABN P	Fl.40	285	4.50	5	6.60	55	6.50B	"
AEGON C	Fl.70	62	1.60	—	—	2	3.20	Fl.54.50
AKZO C	Fl.150	646	1.10	38	3.50	31	3.80	Fl.95
AKZO P	Fl.90	1047	6.50	37	9.90	—	—	"
AMEV C	Fl.40	41	4.20	5	5	1	5.50B	Fl.39.50
AMEV P	Fl.60	104	22.50	33	23.50	3	23.60	"
AMRO C	Fl.65	76	2.40	10	3.50	—	—	Fl.60.50
AMRO P	Fl.80	38	21.50	28	21	—	—	"
ELSEVIER C	Fl.40	145	3.90	34	4	3	5.30	Fl.37.30
ELSEVIER P	Fl.55	17	19.50A	53	19.50B	—	—	"
GIST-BROC. C	Fl.35	107	2	5	3.80	13	5	Fl.29.70
GIST-BROC. P	Fl.50	633	21.50	10	21.50A	10	22.50	"
HEINEKEN C	Fl.180	85	1	—	—	—	—	Fl.123
HEINEKEN P	Fl.110	82	8.10	2	10	—	—	"
HOOGOVENS C	Fl.30	62	3.50	26	4	—	—	Fl.28.20
HOOGOVENS P	Fl.45	138	17	16	18.50	51	18	"
KLM C	Fl.35	388	2.40	30	3.50	20	4.80	Fl.29.50
KLM P	Fl.30	161	4.50A	8	5	11	5	"
NEDLLOYD C	Fl.160	78	3.30	—	—	—	—	Fl.118
NEDLLOYD P	Fl.120	226	11	1	14.50	—	—	"
NAT NED C	Fl.45	377	5.80	3	6.80	1	7.40B	Fl.46.50
NAT NED P	Fl.70	89	25	20	25.50	—	—	"
PHILIPS C	Fl.35	322	1.90	195	3	124	3.30	Fl.30.50
PHILIPS P	Fl.50	440	20.50	112	20.80	182	21	"
ROYAL DUTCH C	Fl.210	371	11	1	17.50B	—	—	Fl.204
ROYAL DUTCH P	Fl.190	921	7.30	3	11	—	—	"
ROBECO C	Fl.100	101	1.90	—	—	—	—	Fl.82
ROBECO P	Fl.90	105	12A	18	13.10	—	—	"
UNILEVER C	Fl.112	381	5.90	—	—	—	—	Fl.103.50
UNILEVER P	Fl.108	329	14	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS: 53,256
A=Ask B=Bid C=Call P=Put

FT CROSSWORD PUZZLE No. 6,475

GRIFFIN



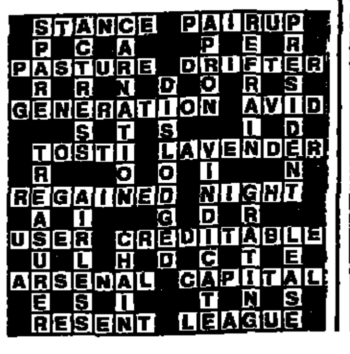
ACROSS

1 Which provides improvement in capital growth? (12)
10 Thankless person with sickly grin scoffed (7)
11 Balance free but reduced by a quarter (7)
12 Leader will be caught if he moves (5)
13 Incorrect demand includes 50% duty as supplement (8)
15 Fruit in truck began to go bad (10)
16 Bottle opener taken by water lover (4)
18 Spacious and on first-class lines (4)
20 One's favourite act is to distribute underwear! (10)
22 Former Italian banker confident of public appearance (8)
24 Language of love in one lacking brilliance (5)
26 Angry drunk to appear for trial first (7)
27 Russian beheaded for the Spanish (7)
28 Diva embraces unhappy agent upset by loss (12)

DOWN

2 Bank man's hobby? (7)
3 No fraud misleads an old copper with this licence (4-4)
4 Regretted sounding discourteous (4)
5 Ray is told I ordered unity of interest (10)
6 Inspire bum to turn in, in other words (5)
7 Spanish nobleman points beneath piano (7)
8 Claim one uses round about 50, mixed (13)
9 Unit remembers to arrange repayment (13)
14 Kept getting famous (10)
17 Chance of stress I'd accepted (8)
19 Supposed to be placed in a pipe (7)
21 Tolerating noise in a large container (7)
23 Mum is up around Gateshead looking for pines (5)
25 Where something's inclined to be a tourist attraction (4)

Solution to Puzzle No. 6,474



BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	Nat Bk. of Kuwait	9
Adam & Company	9½	Citibank NA	9	NatWestminster	9
Allied Arab Bk Ltd	9½	City Merchants Bank	9½	Northern Bank Ltd	9
Allied Dunbar & Co	9	Clydesdale Bank	9	Norwich Gen. Trust	9
Allied Irish Bank	9	Comm. Bk. N. East	9½	PK Finans. Intl (UK)	9½
American Exp. Bk	9	Consolidated Cred	9	Provincial Trust Ltd	10½
Amro Bank	9	Co-operative Bank	*9	R. Raphael & Sons	9
Henry Ansbacher	9½	Cyprus Popular Bk	9	Roxburghe Guarantee	10½
ANZ Banking Group	9	Duncan Lawrie	9	Royal Bk of Scotland	9
Associates Cap Corp	10	Equat'r'l Tst C'p plc	9½	Royal Trust Bank	9
Authority & Co Ltd	9	Exeter Trust Ltd	9½	Smith Williamson Secs	9
Banco de Bilbao	9	Financial & Gen. Sec	9½	Standard Chartered	9
Bank Hapoalim	9	First Nat. Fin. Corp	10½	TSB	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd	10½	UDT Mortgage Exp	¶11.1
Bank Credit & Comm	9½	● Robert Fleming & Co	9	United Bk of Kuwait	9
Bank of Cyprus	9½	Robert Fraser & Ptrs	10	United Mizrahi Bank	9
Bank of Ireland	9½	Girobank	9	Unity Trust PLC	9
Bank of India	9½	Grindlays Bank	9	Western Trust	9
Bank of Scotland	9	● Guinness Mahon	9	Westpac Bank Corp	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Barclays Bank	9	● Hambros Bank	9	Yorkshire Bank	9
Benchmark Tst Ltd	9½	Heritable & Gen. Tst	9½		
Beneficial Trust Ltd	11	● Hill Samuel	§9		
Berliner Bank AG	9	C. Hoare & Co	9½		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
● Brown Shipley	9½	Lloyds Bank	9½		
Business Mtge Tst	9	Meghraj & Sons Ltd	9		
CL Bank Nederland	9	Midland Bank	9		
Central Capital	9	● Morgan Grenfell	9		
Cayzer Ltd	9	Mt Credit Cpn Ltd	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Savewise 7.66%. *Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited.* ¶ Mortgage base rate. § Demand deposit 4.49%. Mortgage 11.125%.

GRANVILLE

SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E
206	133	Ass. Brit. Ind. Ordinary	200	−1	8.9	4.5	7.5
206	145	Ass. Brit. Ind. CULS	200	−1	10.0	5.0	—
41	32	Armitage & Rhodes	32	—	4.2	13.1	4.5
142	55	BBB Design Group (USM)	55xd	−5	2.1	3.7	8.8
188	108	Bardon Group	166	−2	2.7	1.6	28.4
186	95	Bray Technologies	166xd	−2	4.7	2.8	13.3
281	130	CCL Group Ordinary	268	−2	11.5	4.3	6.9
147	99	CCL Group 11% Conv. Pref.	135	−2	15.7	11.6	—
171	136	Carborundum Ordinary	160xd	−2	5.4	3.3	13.9
104	91	Carborundum 7.5% Pref.	104	+2	10.7	10.3	—
180	87	George Blair	160xd	−2	3.7	2.3	4.1
143	119	Isis Group	98	−2	—	—	—
102	59	Jackson Group	100	−3	3.4	3.4	11.0
780	320	Multihouse NV (AmstSE)	320	−40	—	—	12.7
73	35	Record Holdings (SE)	73	—	0.1	—	14.7
114	83	Record Hldgs. 10pcPf.(SE)	114	—	14.1	12.4	—
91	60	Robert Jenkins	60	—	—	—	2.6
124	42	Scruttons	124xs	—	5.5	4.4	4.9
224	141	Torday & Carlisle	214	−2	6.6	3.1	10.4
54	32	Trevian Holdings	54xc	+2	0.8	1.4	5.0
131	66	Unilock Holdings (SE)	66xd	−4	2.8	4.2	12.2
264	115	Walter Alexander (SE)	190xd	−4	5.9	3.1	14.1
201	190	W. S. Yeates	200	—	17.4	8.7	20.0
175	96	West Yorks. Ind. Hosp. (USM)	140	—	5.5	3.9	14.9

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of The Stock Exchange. Other securities listed above are dealt in subject to the rules of FIMBRA.

Granville & Company Limited
8 Lovat Lane, London EC3R 8BP
Telephone 01-621 1212
Member of FIMBRA

Granville Davies Coleman Limited
27 Lovat Lane, London EC3R 8DT
Telephone 01-621 1212
Member of the Stock Exchange

TOKYO TRUST S.A.

INTERIM DIVIDEND

An interim Dividend of US$ 0.10 per share will be payable on 27th November 1987 to holders on the Register on 3rd November and to holders of the Bearer Shares against presentation of Coupon No.29 at the Paying Agents:-

Singer & Friedlander Ltd
21 New Street, London EC2M 4HR
OR
Kredietbank S.A Luxembourgeoise
43 Boulevard Royal, Luxembourg

By order of the Board
TOKYO TRUST S.A.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Bid	Offer	+ or −	Yield
[illegible]	[illegible]	[illegible]	[illegible]

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd —Contd.

Merlin Fund Mngmnt Ltd
30 St James St, London SW1A 1HB 01-925 1277

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ 0707 45104

Midland Bank Group UT Mngrs. Ltd
Coutwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

Prudential Holborn Unit Trusts Ltd(a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent. 0892 510033

Rowe Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance Co —Contd.

G.R.-Edged Inv.		236.5	—	—
Do. Accum.		292.7	—	—
Guaranteed Inv.		159.9	—	—
Do. Accum.		197.9	—	—
International Inv.		358.9	—	—
Do. Accum.		443.8	—	—
Index Lk. G/R Wd.		127.7	—	—
Do. Accum.		158.0	—	—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property		353.1	+0.7	—
Property Pens.		454.9	+1.0	—
Equity		154.7	-3.9	—
Equity Pens.		640.5	-22.9	—
Money Market		312.6	+1.6	—
Money Mkt. Pens.		565.4	+3.0	—
Deposit		241.3	+0.1	—
Deposit Pens.		388.1	+0.1	—
Managed		248.7	-6.0	—
Managed Pens.		459.5	-12.2	—
Intl. Equity		259.2	-5.5	—
Do. Pens.		403.4	-9.2	—
Intl. Managed		246.1	-4.6	—
Do. Pens.		390.4	-10.2	—
North American		102.6	-1.9	—
Do. Pens.		114.5	-2.1	—
Far East		196.6	-2.1	—
Do. Pens.		286.4	-4.2	—
Intl. Currency		162.8	+0.5	—
Do. Pens.		214.9	+0.6	—
Index Linked		129.3	+2.6	—

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

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FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101⅞	100⅛	Treas. 12pc 1987	100⅛	—	—	—
99⅝	97⅝	Treas 7¾pc 1985-88‡‡	99¼	—	7.77	8.43
102¼	99⅝	Exch 10½pc '88	100⅝	+⅛	10.40	8.62
100⅜	98⅝	Treas 9¾pc Cv '88	100⅛	+⅛	9.70	8.70
97¼	93⅛	Transport 3pc '78-88	97½	—	3.07	6.66
101⅛	98⅛	Treas. 9½pc '88	100⅝	+⅛	9.45	8.64
105⅜	101⅛	Treas 11½pc 1989	103¼	+⅛	11.15	8.81
102⅛	97⅜	Treas 9¼pc Cnv 1989	102⅛	+⅛	9.41	8.76
94⅝	89¼	Treas 5pc 1989	94⅝	—	3.16	6.60
104⅝	99⅝	Treas 10½pc 1989	102⅛	+⅛	10.25	8.79
103⅛	98⅛	Exch 10pc 1989	101⅜	+⅛	9.84	8.94
105⅝	100⅛	Exch 11pc 1989	103⅜	+⅛	10.65	8.91
95⅝	89⅛	Treas 5pc 1986-89	94⅝	+⅛	5.28	7.98
108⅛	99⅝	Exch 10½pc Cv '89	104⅝	+⅛	9.86	8.06
111⅛	104⅛	Treas 13pc 1990‡‡	108⅛	+⅛	12.05	8.91
106½	100⅛	Exch 11pc 1990‡‡	188⅛	+⅛	10.57	8.95
110⅛	103⅛	Exch. 12½pc 1990	107⅜	+⅛	11.64	8.98
91⅛	84⅛	Treas. 3pc 1990	91⅛	+⅛	3.29	6.95
100⅛	93⅛	Treas 8¼pc 1987-90‡‡	98⅜	+⅛	8.39	8.97
105	97⅛	Treas. 10pc Cv 1990	102⅛	+⅛	9.76	9.02
89⅛	81⅛	Exch 2½pc 1990	88⅛	+⅛	2.80	6.49
110⅛	102⅛	Treas 11¾pc 1991	107⅛	+⅛	10.89	8.82
95⅛	87⅛	Funding 5¾pc '87-91(k)	92⅛	+⅛	6.22	8.31
89⅛	80⅛	Treas. 3pc 1991	88⅛	+⅛	3.39	6.70
110⅛	98⅛	Treas 10pc Cv '91 ‡‡	106⅛	+1⅛	9.42	8.03
109¼	101¾	Exch. 11pc 1991	107⅛	+1	10.26	8.80
97⅛	91⅛	Treas. 8pc 1991	97⅛	+⅛	8.21	8.76
116⅛	107⅛	Treas 12¾pc 1992‡‡	113⅛	+1	11.26	8.87
106⅛	97⅛	Treas 10pc 1992	104⅛	+1	9.61	8.82
99⅛	90⅛	Treas. 8pc 1992 ‡‡	97⅛	+⅛	8.70	10.25
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures ... prior to issue ...

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
39	21¼	Rep NY Corpn $5	22½	-¼	$1.16	—	3.0
18¾	8¾	Rockwell Intl. $1	11	-½	66c	—	3.5
30⅛	16¾	Sara Lee $1	21⅞xd	-½	$1.00	—	2.7
11⅛	8⅞	Saul (B. F.) $1	9¾	-⅛	20c	—	1.2
27½	2¾	Southwestern Bell $1	22⅝	-⅛	k$2.32	—	6.2
22¾	11¼	Staley Continental	11⅜	+⅛	80c	—	4.0
44[illegible]	21⅝	Sun Co. Inc. $1	29⅝xd	-1¼	$3.00	—	5.8
42¾	24	TRW Inc. $0.625	27 7/16	-⅛	k$1.60	—	3.4
37¾	22¾	Tenneco $5	24¾xd	-⅛	$3.04	—	7.2
220	149½	Do. 10pc Ln.Stk. 91-5	150xd	.....	10%	—	14.7
29⅝	16⅝	Texaco $6.25	17¼xd	-½	$3.00	—	10.0
74⅞	43¾	Time Inc. $1	45⅞xd	+⅛	$1.00	—	1.3
20¾	11	Tracor $0.33	17¼xd	+⅛	40c	—	1.3
30¾	15⅞	Transamerica $1	18½xd	-⅛	$1.84	—	5.7
14¾	1¼	Transworld Corp $5	744p	-36	20c	—	1.5
27¾	12¾	TRINOVA Corp.	14⅝	-½	56c	—	2.2
24⅞	12⅝	USX $1	14⅝	-⅛	$1.20	—	4.7
19⅝	10⅝	Union Carbide $1	12¼xd	-⅛	$1.50	—	7.1
57¾	19⅝	Utd. Technologies	20¼xd	+⅛	$1.40	—	3.9
98¾	26¼	US West	29¼	-½	$3.28	—	6.5
30¾	17¾	Waste Management $1	20¾	-⅛	—	—	—
31¾	13¾	Whirlpool $1.0	13¾	-⅛	—	—	—
37¾	18½	Woolworth $3½	18 9/16	-⅛	$1.32	—	4.1

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	735	Prudential	798	+15	†29.0	—	5.0	—
598	378	Refuge 5p	383	.....	15.75	—	5.6	—
595	345	Royal	400	+25	†t15.5	—	5.3	—
110	85	Sattiva Ins. Inns.	87	.....	—	—	—	—
*345	175	Sedgwick Group 10p	186	−6	12.0	1.7	8.8	7.9
339	158	Steel Burrill J.10p	158	−2	†9.0	2.0	7.8	8.8
668	405	Stewart Wr. 20p	618	.....	†13.0	2.0	2.9	21.9
612	353	Sturge Hldgs 20p	353	−20	†6.0	2.5	2.5	25.1
£12½	645	Sun Alliance	908	−5	†25.5	—	4.0	—
£13	905	Sun Life 5p	918	+8	†28.5	—	4.3	—
[illegible]	£39	♥Taisho M EDR	£41	−2	[illegible]	—	1.0	—
£22¼	£14½	Torchmark $1.00	[illegible]	−¼	Q$1.00	—	3.7	—
410	235	Trade Indemnity	355	.....	14.3	—	1.7	—
£34	£20⅞	Travelers $1.25	£20⅞	−⅛	$2.28	—	6.3	—
£30⅝	£17⅝	USF & G Corp $2.50	[illegible]	.....	Q$2.48	—	7.8	—
£30⅜	£16½	USLIFE Corp. $1.0	[illegible]	−⅛	Q$1.28	3.2	4.0	7.7
738	555	♦Utd Friendly B 10p	625	.....	21.8	—	4.6	—
464	205	Willis Faber 12½p	217	−4	†10.75	2.4	6.8	8.3
128	41	Windsor Secs. 10p	50	−4	†0.7	1.5	1.7	—

LEISURE

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
35½	11	♦A & M Group 10p	12	−1	—	—	—	—
242	95	Airtours 10p	102	+2	Rd5.4	1.5	7.5	12.1
*549	302	Anglia TV	344	−1	†g11.25	3.3	4.5	9.5
308	78	Arley	150	−25	—	—	—	—
194	108	♦Aspinall Hldgs. 10p	121	−5	†6.0	1.2	6.8	16.6
141	63	♦Avesco 1p	63	−2	0.5	6.7	1.1	17.8
72	40	♦BCE Hldgs 5p	47	.....	Ld1.0	♦	2.9	♦
300	132	Barr & W.A.T. 'A'	230	.....	†8.0	1.4	4.8	18.7
58	22	Bond Media	22	.....	—	—	—	—
235	165	Boosey & Hawkes	220	.....	—	—	—	—
83	37	♦Border T.V.	46	+6	1.4	♦	4.2	♦
*439	43½	Brent Walker 10p	241	+1	†g8.5	2.2	5.7	11.5

PAPER, PRINTING—Continued

PROPERTY

MOTORS

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

TRADITIONAL OPTIONS

3-month call rates

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates			
*First Dealings	Option Declarations	Last Dealings	Account Day
Oct 26	Nov 5	Nov 6	Nov 16
Nov 9	Nov 19	Nov 20	Nov 30
Nov 23	Dec 3	Dec 4	Dec 14

*New time dealings may take place from 9.00am two business days earlier.

Equities reverse early falls to end with widespread gains as Gilts advance again

THE UK stock markets, responding swiftly to the reduction in the West German Lombard rate, recovered early losses and climbed into plus territory in the second half of yesterday's session. The recovery was somewhat cautious and disappointment that the German authorities had not cut their discount rate took the top off bond prices in London.

The action from the Bundesbank, soon joined by a discount rate cut in Switzerland and by US prime rate cuts, encouraged hopes in London that the major industrial countries will act together on the problems facing global economies and financial markets.

However, with the US dollar at new lows again, London remains keenly aware that share prices can only recover lasting confidence if there is action to cut the US trade and budget deficits, preferably, says the market, before the next set of monthly US trade figures, which are due next week.

The day started poorly for equities, with investors discouraged by further falls in the dollar. Liquidity shortages remained a factor - the big investment funds have to plan for cash calls totalling around £500m over the next few weeks.

Market indices slid steadily downhill at first, quickly penetrating the important FT-SE support level of 1600 on which many investment predictions hang at present.

Some investors had clearly been awaiting news from West German, and the equity sector turned abruptly upwards when the Lombard rate cut flashed over the video-screens. A 30 point fall on the FT-SE was soon replaced by a similar rise.

After some backing and filling as traders reshaped their trading books, the FT-SE 100 Index closed a net 30.7 up at 1638.8.

BP "new" partly-paid shares were a late feature on market belief that a sustantial stake of over 300m shares had been built up by the Kuwait Investment Office.

The "new" closed at 79½, up 2½ on the day, with 112m shares going through the Seaq system. The "old" edged up 5 to 251p.

Recoveries in the major exporting company stocks were restrained by the weakness of the dollar which will hurt US sales. **Glaxo, ICI** and **Fisons** chalked up fairly modest gains. But there were sharp upswings in financial sector stocks, which have been identified as defensive issues for a market threatened with industrial recession.

Natwest, Barclays, Midland and **Royal Insurance** all found buyers. There were small gains among the consumer stocks, which had already responded to this week's cut in UK bank base rates which is likely to keep consumer spending high.

Government bonds were in good form from the opening, with the short end performing equally with longer-dated stocks as the City scented, via London money market rates, that another cut in bank base rates was on the cards.

Equally significant was the continued rise in prices for Index-linked Gilts, which have taken alarm at the warning, in the UK Chancellor's Autumn economic statement, that domestic inflation could move higher next year. I-L stocks jumped by 1¼ points before profit-taking cut the gain to a net ⅝ or so.

The long end of the market surged up by 1¾ points initially as investors continued to show strong preference for Government paper over ordinary shares. Pension funds, in particular, are believed to be confining new cash investment to the Gilt-edged sector.

But a gap opened between cash bond and future prices, reflecting some disappointment at the absence of a cut in German discount rate. Bond prices ended off the top with net gains of around one point.

The big-four banks made rapid and strong progress, despite the obvious affects on profits that the recent base rate cuts will have. **NatWest** advanced 28 to 553p, while gains of around 20 were common to **Barclays**, 443p and **Midland**, 348p. **Lloyds** were 18 higher at 243p.

Merchant banks were much quieter after the recent spate of rumours of major market- making losses caused by the recent market plunge. Elsewhere, **FNFC** continued its recent erratic performance and jumped 27 to 225p, helped by a recommendation from securities house Kleinwort Grieveson.

Life assurances raced ahead after a poor start to the day. **Abbey** jumped 8 to 213p, after an initial decline to 200p while **Legal & General** rose a like amount to 263p. **London and Manchester**, on the other hand, performed poorly and dipped 8 to 212p as it was revealed that the Kuwaiti Investment Office had acquired 8.89m shares(or around 9.6 per cent) of the company's shares.

In composites **Commercial Union** put on 20 to 311p ahead of next Wednesday's interims. **Royals** jumped 25 to 400p reflecting a bear squeeze. Dollar weakness continued to upset insurance brokers where **Sedgwick** slipped 6 more to 186p. Renewed worries over the possibility of more defections triggered fresh weakness in Willis Faber which retreated 4 more to 217p.

Brewery investors paid little attention to fresh stories of predatory moves by US and Australian groups until the main body of Alpha stocks began the afternoon recovery. **Allied-Lyons** then advanced swiftly from a lower early level of 315p to close 11 up on the day at 331p; the disclosure that Alan Bond, the Australian entrepreneur, had a stake of 2.8 per cent revived speculation that US brewer Anheuser Busch was purchasing shares. **Whitbread "A"** also staged a smart rally to end a net 7 higher at 271p but **Bass**, 795p, and **Guinness**, 244p, were able only to erase their earlier losses. **Scottish & Newcastle** rebounded 8 to 215p, **Greenall Whitley** regained 11 to 164p and **Buckley's** 11 to 171p. But announcements of increased share stakes failed to move either **Greene King**, 450p, or **Morland**, 475p. Elders IXL has raised its shareholding in the former to 9.25 per cent, while Whitbread Investment now owns over 43 per cent of Morland. Elsewhere, cidermaker **Merrydown**, staged a tentative rally and ended 15 dearer at 295p.

Buyers began nibbling at selected leading Building issues after initial nervousness evaporated. The final tone was much steadier than of late and **Blue Circle** managed a gain of 10 at 325p while **Redland** rallied 8 to 377p and **Tarmac** picked up 7 at 204p. **Rugby**, where revived buying apparently uncovered a stock shortage, firmed 5 to 214p and **BPB Industries**, recently the subject of Australian stakebuilding rumours, picked up 7 at 264p. Against the trend, **Steetley** shed 14 to 272p; brokers Morgan Grenfell, having seen the price hold up relatively well recently, don't expect the shares to outperform in the short- term. **Stanley Miller** fell 22 to 48p on news of acutely disppointing half-year figures.

ICI benefited from the firmer overall trend and extended Wednesday's gain of 3/16 by a further ¼ to close at £10 7/16.

The electricals and electronics issues were at the forefront of *the market upturn*. **British Telecom** edged up a couple of pence to 218p on a turnover of 10m-plus, while **Ferranti**, a poor market recently rallied 4 to 72p. **Thorn EMI**, rated a good recovery by a number of leading brokers, picked up well and closed a net 11 higher at 459p. **Cable and Wireless** were 3 harder at 296p while **Plessey** held on to a marginal gain at 144p. **BICC**, still boosted by a recent recommendation from securities house County NatWest, jumped 17 to 307p.

Elsewhere, **Electrocomponents** dipped 3 to 157p in the wake of the interim profits, up from £18.1m to £20.5m pre-tax and the proposed acquisition. **Oxford Instruments**, scheduled to announce interim results next Thursday, dropped 15 to 150p.

Talk of a stock shortage and a strong rally by other sectors of equity markets triggered good gains throughout a stores sector already sustained by the latest half point cut in bank base rates. **Ratners**, a poor market during the past week or so reflecting its exposure to the US and talk of numerous brokers downgrading their profits estimates, rallied strongly to close a net 16 higher at 235p. **Burton Group** also made good progress, and rose 10 to 232p. Strong buying interest from one quarter lifted **Dixons** 20 to 260p. while the recent company presentation of the DIY subsidiary boosted **WH Smith 'A'** 15 to 330p. **Storehouse** added 11 to 236p following publication of the defence document to *the Benlox share exchange bid*. The interim results failed to inspire **A.Goldberg** which moved down 5 to 143p.

ASDA-MFI slumped to 150p at one stage on rumours that the MFI management buy-out had been pulled, but a statement to the contrary by the MFI management prompted a strong rally in the price which eventually closed 3 higher on balance at 164p. **Ranks Hovis McDougall** revived strongly on Goodman Fielder takeover hopes and rose 10 to 250p and **Dalgety** rallied 13 to 293p reflecting yield considerations. **Tate and Lyle**, a particularly dull performer recently, picked up 21 at 590p, but **S. & W. Berisford**, still depressed by thoughts that the Associated British Foods' 400p per share cash offer for the company is unlikely to proceed, shed 8 more to 265p.AB Foods' bid for Berisford is not being referred to the Monopolies Commission.

Leading Hotels enjoyed a good two-way trade. **Grand Metropolitan** picked up from an initially depressed level of 365p to close 13 higher on balance at 378p, while **Trusthouse Forte** improved 4 to 185p. **Ladbroke**, where as expected the rights issue flopped badly with only some 2 per cent of the issue taken up, closed 17 lower at 287p, after 288p.

International stocks eventually staged a welcome rally. Initially the trend was to lower levels, but prices began to recover after the first hour or so of trading with the movement gaining impetus as Wall Street moved ahead in the early dealings in the wake of the cuts in US prime rates. Trading was a little more brisk than of late, with **Beecham** ending 27 to the good at 424p in a volume of some 2.5m shares. Interest expanded in **Hanson** (8.4m,) which closed a few pence better at 129p. **BOC** regained 14 to 323p, but **Glaxo** settled only a shade better on balance at £10⅛. **Wellcome**, 327p, and **Fisons**, 255p, closed 15 and 13 higher respectively. **Reed International**, in contrast, weakened afresh following comment on the half-year figures.

Elsewhere, **Cookson**, particularly hard hit in the recent shakeout because of its US exposure, rallied to close 42 higher at 480p in the wake of a County Natwest buy circular. **British Aerospace** and **Reuters** traded on a steadier note and closed little altered on the day at 310p and 478p respectively. News that Mr Robert Maxwell has increased his stake in the company failed to help **De La Rue** which dipped 25 to 378p. **Maxwell Communications** hardened 2 to 226p. **Brierley Investments** were noteworthy for a fall of 25 to a new low for the year of 85p, while **Amber Industrial** dipped 40 to 375p following the half-year results. **Dobson Park** improved 2 to 97p in response to news of the £1m contract for spoil carrying equipment from Channel Tunnel Excavation, but acquisition news failed to help **Lodge Care** which closed a few pence lower at 143p.

News of halved first-half profits and a cautious statement about current trading depressed **Grampian TV** which fell 7 to 43p. **Midsummer Leisure** settled 5 off at 280p; the company has sold its stake in Boddingtons Brewery incuring a small loss on the transaction.

Losses again outnumbered rises in the Motor sections but selected stocks were beginning to show signs of stability. US dollar considerations continued to weigh on **Jaguar**, which fell 8 further to 280p, but **Lucas Industries** regained a small early loss to end 6 up on balance at 500p. Other Component stocks tended to lose fresh ground with **Dowty** closing 8 lower at 152p and **Armstrong Equipment** 5 off at 115p. **BTS** gave up 7 at 86p while car manufacturer **Rover** dipped 5 more to 60p. Specialist vehicle maker **March** dropped 15 to 110p. Price fluctuations in Distributors were far smaller than recently with the exception of **Jessups**, down 8 at 183p.

Newspapers displayed contrasting movements at the close. **United** enjoyed a limited amount of late support and settled 10 dearer at 438p but **Associated** remained inactive at 418p, for a net loss of 9. **Bunzl**, particularly hard hit during the recent depression, attracted cheap buyers and nudged up a few pence to 150p but changes elsewhere were generally against holders. Irish-based **Clondalkin** were lowered 100 to 95p and **Blenheim Exhibitions** lost 70 to 455p. **International Business Communications** weakened 28 to 92p after the agreement relating to the acquisition of Barham. **WPP** continued to lead Advertising Agencies lower, ending 20 down at 385p while **WCRS** gave up 9 at 200p.

Properties staged a tentative recovery having been distinctly dull at one stage. **Land Securities** picked up from 418p to close 5 higher at 430p, while **MEPC**, down to 385p at one point, finished only a couple of pence cheaper on balance at 398p. **Peachey** revived with an improvement of 10 at 328p and **Slough Estates** hardened a few pence to 208p. **Great Portland Estates** were 9 higher at 215p; the interim results are due next Wednesday. Estate agents **Hanover Druce** shed 15 to 200p despite revealing good half-year figures, but **Rosehaugh**, a dull market recently, rallied 30 to 470p. **Isary** rose 28 to 348p in a

BAT Industries were a lively market (some 6m shares changed *hands yesterday*) and closed 9 to the good at 434p; interest was enlivened by a recommendation for Tobacco shares from US investment house Kidder Peabody.

FINANCIAL TIMES STOCK INDICES

	Nov. 5	Nov. 4	Nov. 3	Nov. 2	Oct. 30	Year Ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	91.47	90.51	90.14	89.76	89.87	83.10	93.32 (8/5)	83.73 (19/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.47	93.90	94.07	93.55	93.76	89.15	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1287.9	1255.6	1286.1	1342.7	1360.9	1303.9	1926.2 (16/7)	1255.6 (4/11)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	273.5	279.2	305.6	314.9	312.1	291.5	497.5 (4/8)	273.5 (5/11)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div.Yield	4.80	4.93	4.81	4.60	4.55	4.35				
Earnings Yld. %(full)	11.93	12.24	11.96	11.43	11.30	10.04				
P/E Ratio (net)(*)	10.25	9.99	10.23	10.70	10.82	12.19				
SEAQ Bargains (5pm)	35,253	40,855	36,788	43,020	59,138	32,328				
Equity Turnover (£m)	-	1774.63	1673.22	1162.30	1563.99	1253.23				
Equity Bargains	-	45,633	48,460	63,423	63,406	46,033				
Shares Traded (ml)	-	806.9	893.2	555.0	734.0	346.7				

S.E ACTIVITY

Indices	Nov.4	Nov.3
Gilt Edged Bargains	155.5	147.1
Equity Bargains	295.7	314.0
Equity Value	3587.0	3382.0
5-Day average		
Gilt Edged Bargains	136.8	136.2
Equity Bargains	348.4	364.6
Equity Value	3058.2	3081.5

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1250.7	1256.5	1240.5	1250.8	1258.4	1272.9	1292.3	1282.5

Day's High 1292.3 Day's low 1233.0

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=10.11.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Traditional Options

● **First dealings Nov 02● Last dealings Nov 13● Last declarations Feb 04● For Settlement Feb 15** *For rate indications see end of London Share Service*

Stocks to attract money for the call included **Trimoco, Central and Sheerwood, Kwik Fit, Conroy Petroleum, Amstrad, Control Securities, Sears, Berkeley and Hay Hill, Greenwich Resources, BSG International, Rivlin, Polly Peck, Wellcome, Unilever, Bryan Holdings, J. Crowther, Cluff Oil, Astra Holdings, S. Miller, Premier Consolidated, Rotaprint, Ferranti, Pentland Industries, Helene of London, C. Baynes, Rover and Blue Arrow.** A put was arranged in **Thames TV**, while double options were transacted in **Pilkington and C. Baynes.**

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (12).

BRITISH FUNDS (7) Treas.8pc.1991,Treas.9pc.Ln.2008 A (£60pd.),Conv.3½pc.'61 Aft.,Cons.2½pc.,Treas.2½pc ,Treas 2pc.1988 I.L, Treas. 2pc.I.L.1990,INT.BANK & O'SEAS GOVT.STLG.ISSUES (1) Sweden 13½PC. 2010 LOANS (3) Nationwide Anglia 9½pc.11.7.88,Do 10pc.1.8.88,Do.10½pc.22.8.88, INDUSTRIALS (1) Malco.

NEW LOWS (273).

AMERICANS (4) CANADIANS (10) BANKS (7) BREWERS (3) BUILDINGS (6) CHEMICALS (4) STORES (6) ELECTRICALS (21) ENGINEERING (11) FOODS (8) INDUSTRIALS (43) INSURANCE (8) LEISURE (4) MOTORS (4) NEWSPAPERS (4) PAPERS (11) PROPERTY (7) TEXTILES (1) TRUSTS (62) OILS (8) OVERSEAS TRADERS (2) MINES (37) THIRD MARKET (2).

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA-MFI	11,100	English China Clays	314	Plessey	4,400
Allied-Lyons	4,900	Enterprise Oil	1,000	Prudential	576
Amstrad	2,400	Fisons	1,100	Racal	3,700
Argyll Group	4,000	Gen. Accident	440	Rank Org.	535
Assoc. Brit. Foods	1,000	Gen. Elect	9,800	RMC	966
BAA	3,200	Glaxo	1,900	RHM	2,100
BAT	5,000	Globe Investment	335	Reckitt & Col.	469
BET	2,600	Granada	323	Redland	504
BICC	711	Grand Met	5,600	Reed Intl.	2,300
BOC	1,300	GUS A	483	Reuters	440
BPB Inds	855	Guardian R.E.	780	RTZ	4,700
BTR	1,700	GKN	2,200	Rolls-Royce	7,400
Barclays	2,900	Guinness	4,700	Rothmans	538
Bass	1,100	Hammerson	211	Rowntree	339
Beecham	3,000	Hanson Trust	9,000	Ryl Bank Scotland	1,000
Blue Arrow	2,400	Hawker Sidd	664	Royal Insurance	849
Blue Circle	635	Hillsdown Hldngs	4,900	STC	3,500
Boots	3,400	IMI	1,900	Saatchi & Saatchi	926
Brit. Airways	4,400	ICI	2,400	Sainsbury	3,400
Brit. Aero	4,200	Jaguar	3,300	Scott & Newcastle	1,400
Brit. & Comm.	636	Ladbroke	2,400	Sears	6,300
British Gas	13,000	Land Securities	2,400	Sedgwick	2,100
Britoil	2,900	Laporte	406	Shell Trans	2,100
BP	14,000	Legal & Gen.	1,000	Smith & Nephew	3,800
Brit. Telecom	12,000	Lloyds Bank	1,400	Standard Chart.	284
Bunzl	937	LASMO	595	Storehouse	4,200
Burmah Oil	92	Lonrho	1,300	Sun Alliance	378
Burton	2,000	Lucas	1,400	TSB	8,400
Cable & Wire	4,400	MEPC	486	Tarmac	1,460
Cadbury Schwps	2,300	Marks & Spencer	6,700	Tesco	2,900
Coats Viyella	2,200	Maxwell Comms.	3,200	Thorn EMI	3,400
Comm. Union	3,200	Metal Box	1,000	Trafalgar House	4,400
Cons. Gold	1,200	Midland Bank	3,300	T'house Forte	2,100
Cookson	966	NatWest Bank	840	Ultramar	449
Country & New.T	7	Next	5,800	Unilever	2,100
Courtaulds	1,500	Northern Foods	619	United Biscuits	1,300
Dalgety	609	Pearson	218	Wellcome	1,200
Dee Corpn	6,600	Pearl Assurance	207	Whitbread A	1,400
Dixons Group	2,400	P & O	1,300	Woolworth	1,800
		Pilkington Bros	7,000		

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	111	0	2
Corporations, Dominion and Foreign Bonds	29	2	24
Industrials	301	777	508
Financial and Properties	131	271	227
Oils	27	48	39
Plantations	0	2	12
Mines	22	97	77
Others	45	147	79
Totals	666	1,344	968

FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Thursday November 5 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Wed Nov 4 Index No.	Tue Nov 3 Index No.	Mon Nov 2 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (213)	656.22	+0.4	10.73	4.32	11.70	18.27	653.71	683.63	707.46	675.75
2	Building Materials (30)	864.11	+1.5	10.75	4.26	11.60	22.91	851.80	896.46	934.14	834.33
3	Contracting, Construction (33)	1171.13	-0.4	10.82	4.30	12.35	29.46	1175.60	1239.81	1290.83	1130.29
4	Electricals (14)	1746.37	+1.8	10.37	4.99	12.58	54.41	1714.79	1753.25	1867.45	1753.14
5	Electronics (33)	1493.47	+0.3	10.80	3.38	12.08	35.33	1489.70	1522.54	1557.92	1468.52
6	Mechanical Engineering (60)	322.63	-1.0	11.33	4.98	11.10	11.01	325.92	348.87	361.75	372.24
8	Metals and Metal Forming (7)	377.44	-1.4	10.44	4.37	11.66	9.11	382.66	401.03	403.77	341.71
9	Motors (14)	230.56	-1.7	13.38	5.03	8.68	5.86	234.50	247.11	264.40	260.23
10	Other Industrial Materials (22)	1122.24	+1.6	9.28	4.62	12.81	36.48	1104.20	1152.43	1178.99	1237.42
21	CONSUMER GROUP (183)	961.36	+1.7	8.68	3.67	14.64	18.71	944.86	981.61	1023.53	944.38
22	Brewers and Distillers (21)	904.02	+2.0	11.10	4.10	11.37	17.52	886.22	914.84	949.49	954.40
25	Food Manufacturing (23)	752.00	+1.9	9.86	4.15	13.11	16.66	737.98	772.16	798.30	717.14
26	Food Retailing (17)	1957.82	+1.6	7.54	3.01	17.66	39.67	1927.55	2005.96	2078.13	1877.95
27	Health and Household Products (10)	1672.60	+2.9	6.72	2.65	17.21	16.41	1625.13	1686.09	1780.98	1530.77
29	Leisure (30)	991.89	—	8.06	4.58	15.44	28.16	992.19	1038.65	1081.47	960.95
31	Packaging & Paper (16)	462.76	—	8.93	3.87	14.75	11.13	462.86	482.97	494.29	474.38
32	Publishing & Printing (15)	3046.92	-1.7	7.09	4.77	17.86	67.89	3098.90	3302.57	3375.87	2595.85
34	Stores (35)	834.21	+2.3	8.76	3.55	15.39	16.95	815.63	836.42	877.27	872.83
35	Textiles (16)	559.92	+3.4	11.25	4.12	10.28	12.57	541.38	564.62	606.80	547.66
40	OTHER GROUPS (87)	795.34	+1.1	10.93	4.46	11.40	20.82	786.47	811.03	834.22	793.89
41	Agencies (17)	948.74	-0.6	6.59	2.39	19.94	16.79	954.56	999.99	1024.48	0.0
42	Chemicals (21)	978.62	+2.0	10.07	4.70	12.14	33.10	959.55	964.97	1001.50	989.79
43	Conglomerates (13)	1052.36	+1.9	9.77	4.44	11.71	22.33	1032.51	1065.18	1101.73	0.0
45	Shipping and Transport (11)	1650.46	-0.3	10.27	4.99	12.79	51.44	1655.55	1734.09	1773.23	1561.80
47	Telephone Networks (2)	842.56	+0.9	12.03	4.80	11.09	18.98	834.68	865.73	886.77	776.30
48	Miscellaneous (23)	1105.75	+1.2	13.58	4.26	8.78	32.87	1092.67	1129.36	1157.32	1132.58
49	INDUSTRIAL GROUP (483)	844.63	+1.2	9.80	4.05	12.85	19.71	834.30	866.45	898.42	844.15
51	Oil & Gas (17)	1604.15	+1.5	10.36	6.13	11.91	65.73	1581.22	1619.63	1670.14	1418.88
59	500 SHARE INDEX (500)	909.03	+1.3	9.88	4.36	12.69	23.68	897.63	930.29	963.83	892.62
61	FINANCIAL GROUP (120)	597.05	+2.4	–	5.21	–	20.08	583.23	607.95	636.39	610.89
62	Banks (8)	605.27	+4.8	22.05	6.43	6.00	25.98	577.39	592.88	636.52	672.57
65	Insurance (Life) (8)	879.59	+1.9	–	5.23	–	32.56	863.60	902.09	938.49	848.46
66	Insurance (Composite) (7)	484.18	+3.1	–	5.69	–	17.20	469.63	484.29	505.75	466.51
67	Insurance (Brokers) (8)	767.57	-2.1	14.47	7.46	8.84	38.19	784.35	832.83	890.85	1278.89
68	Merchant Banks (11)	358.90	-1.9	–	3.93	–	8.69	365.91	379.03	386.41	342.55
69	Property (49)	864.47	+1.2	5.61	3.43	22.96	16.02	854.31	899.27	924.04	791.90
70	Other Financial (29)	373.71	+1.4	9.62	4.30	13.21	10.39	368.61	397.97	411.47	352.56
71	Investment Trusts (88)	790.49	-0.1	–	3.14	–	15.17	791.30	821.42	839.94	825.86
81	Mining Finance (2)	364.73	+0.4	12.46	4.68	9.04	10.41	363.39	377.26	404.41	335.69
91	Overseas Traders (10)	871.33	-0.6	10.50	5.60	11.16	33.95	876.18	893.10	934.45	759.23
99	ALL-SHARE INDEX (720)	824.90	+1.4	–	4.46	–	22.36	813.85	844.14	876.00	815.79

	Index No.	Day's Change	Day's High	Day's Low	Nov 4	Nov 3	Nov 2	Oct 30	Oct 29	Year ago
FT-SE 100 SHARE INDEX ♦	1638.8	+30.7	1642.5	1577.9	1608.1	1653.9	1723.7	1749.8	1682.0	1648.5

FIXED INTEREST

	PRICE INDICES	Thu Nov 5	Day's change %	Wed Nov 4	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	124.40	+0.49	123.79	-	9.56
2	5-15 years	143.42	+1.26	141.64	-	12.14
3	Over 15 years	151.88	+0.89	150.92	0.38	12.41
4	Irredeemables	170.34	+0.92	168.79	-	13.35
5	All stocks	139.50	+0.95	138.26	0.06	11.40
	Index-Linked					
6	5 years	124.09	+0.75	123.16	-	2.18
7	Over 5 years	110.77	+0.67	110.03	-	2.89
8	All stocks	111.71	+0.68	110.96	-	2.82
9	Debentures & Loans	119.35	+1.25	117.93	0.06	9.53
10	Preference	84.43	+0.28	84.20	-	4.95

	AVERAGE GROSS REDEMPTION YIELDS		Thu Nov 5	Wed Nov 4	Year ago (approx.)
	British Government				
1	Low	5 years	8.44	8.56	9.73
2	Coupons	15 years	8.95	9.12	10.26
3		25 years	8.90	8.95	10.26
4	Medium	5 years	8.90	9.15	11.10
5	Coupons	15 years	9.15	9.29	10.58
6		25 years	9.17	9.14	10.24
7	High	5 years	8.98	9.23	11.15
8	Coupons	15 years	9.28	9.43	10.77
9		25 years	9.09	9.14	10.32
10	Irredeemables †		8.72	8.89	10.07
	Index-Linked				
11	Inflation rate 5%	5yrs	2.62	2.87	4.36
12	Inflation rate 5%	Over 5 yrs	4.19	4.23	3.81
13	Inflation rate 10%	5 yrs	2.80	3.04	2.99
14	Inflation rate 10%	Over 5 yrs	4.23	4.27	3.65
15	Debs &	5 years	10.82	11.11	11.49
16	Loans	15 years	10.65	10.83	11.43
17		25 years	10.65	10.83	11.36
18	Preference †		10.82	10.85	11.52

♦Opening index 1603.6; 10 am 1607.6; 11 am 1587.1; Noon 1595.2; 1 pm 1603.1; 2 pm 1619.0; 3 pm 1642.4; 3.30 pm 1633.2; 4 pm 1633.5

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls Jly.	Puts Jan.	Puts Apr.	Puts Jly.
Allied Lyons (*331)	300	45	60	67	15	20	23
	330	30	43	50	28	37	43
	360	17	28	40	45	53	58
Brit. Airways (*132)	130	20	25	35	18	25	30
	140	15	22	30	22	30	35
	160	8	15	23	38	43	40
[illegible]							

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
LASMO (*224)	200	30	—	—	27	—	—
	220	22	35	45	18	27	37
	240	12	27	35	30	37	45
Pilkington (*202)	180	30	45	55	7	15	20
	200	15	32	42	13	22	37
	220	7	23	33	25	35	57
[illegible]							

November 5, Total Contracts 50,483. Calls 16,725. Puts 33,728. FT-SE Index Calls 2,212 Puts 1,608. *Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1987 High	1987 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§130	F.P.	20/11	170	90	Alba 10p	90	-1	13.8	2.2	5.7	9.3
[illegible]											

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

WORLD STOCK MARKETS

AUSTRIA

November 5	Price Sch %	+ or −
Creditanstalt	1,980	−20
Goesser	2,830	−120
Interunfall	11,350	−50
Jungbunzlauer	6,980	−100
Laenderbank	395	—
Perlmooser	580	−30
Steyr-Daimler	112	−2
Veitscher Mag	650	−30

BELGIUM/LUXEMBOURG

November 5	Price Frs.	+ or −
B.B.L.	2,270	—
Banque Gen. Du. L.	13,780	−100
Bank Int. A	13,300	—
Bekaert B	8,200	+100
Ciment CBR	4,200	−300
Cockerill	127	—
Cobepa	6,200	+490
Delhaize	2,880	−150
EBES	4,160	−85
Fabrique Nat	840	−40
GB Inno BM	868	—
GBL(BruxL)	2,650	−60
Generale Bank	4,250	−50
Gevaert	6,040	—
Hoboken	5,880	−120
Intercom	3,430	+120
Kredietbank	3,100	−100
Pan Holdings	11,450	−150
Petrofina	9,400	−100
Raffinerie Tirle	1,298	−62
Royale Belge	4,500	−100
Soc Gen Belge	2,360	−40
Sofina	9,560	−340
Solvay	10,000	−150
Stanwick Intl	450	—
Tractebel	5,660	−10
UCB	7,600	−400
Wagons Lits	3,640	−210

DENMARK

November 5	Price Kr %	+ or −
Baltica Hldgs	830.00	+10
Cop Handelsbank	232.00	−3
D. Sukkerfab	285.00	−5
Den Danske Bank	299.00	−3
East Asiatic	178.00	−6
Forenede Bryggr	858.00	+15
GNT Holding	260.00	+4
I.S.S.B. Systems	750.00	—
Jyske Bank	445.00	−5
Novo Inds*	150.00	+3
Privatbanken	227.00	−7
Sophus Berendsen	805.00	−15
Superfos	207.00	−8

FINLAND

November 5	Price Mks	+ or −
Amer	222	−3
KOP	59	+0.25
Kone	215.5	−15
Finnish Sugar	66.5	−5.5
Kymmene	111.5	−7
Nokia	202	−10.5
Pohjola 'B'	85.25	−4.25
Rauma-Repola	26.4	−0.35
Stockmann 'B'	242.5	−27.5
UBF'C'*	31.5	−1.7
Utd. Paper	116	−14.5
Wartsila (x11)	223	−0.5

FRANCE

November 5	Price Frs.	+ or −
Emprunt 4.5% '73	1,730	−60
Emprunt 7% 1973	9,099	+39
Accor	350	−0
Agence Havas	436	−1
Air Liquide	519	−8
Alcatel	1,650	+18
BIC	538	−3
BNP (Cert.Inv.)	302	—
Bongrain	2,330	−20
Bouygues	890	+40
BSN Gervais	4,117	−118
Carrefour	2,330	+30
Club Mediterranee	365	−5
Cie Bancaire	465	−25
Cofimeg	295	−5
CGE	242	−2.9
Damart	2,230	—
Darty	266	−4
Dumez S.A.	705	−7
Eaux (Cie Gen)	1,090	+10
Elf-Aquitaine	269	−6
Essilor	2,200	—
Gen.Occidentale	669	−1
Imetal	120.1	−1.2
LVMH	1,426	−55
Lafarge Coppee	1,135	−30
L'Oreal	2,485	−144
Legrand	2,200	−60
Maisons Phenix	64	−2
Matra S.A.	1,650	—
Michelin B	226	−4
Midi (Cie)	811	−34
Moulinex	54	−1
Nord Est	100	−3
Paribas	349	−4
Pernod Ricard	735	+19
Perrier	685	−12
Petroles Fra	353	+23
Peugeot S.A.	1,055	−39
Printemps Au	456	+6
Radiotech	990	−38
Redoute	2,908	+32
Roussel-Uclaf	1,047	−9
St.Gobain	421	+0
Sefimeg	410	+3
Skis Rossignol	1,040	−10
Telemech Elect	2,800	+70
Thompson (CSF)	770	—
Valeo	465	−4

GERMANY

November 5	Price Dm.	+ or −
AEG	222	−3.5
Allianz AG	1,130	+40
BASF	260	+5.9
Bayer	272.5	+5
Bayer-Hypo	343	+6
Bayer-Verein	336	−4
BHF-Bank	375	−7
BMW	462	−4
Brown Boveri	282	−5
Commerzbank	235.5	−2
Cont'l Gummi	230.5	−1.5
Daimler-Benz	733	−9
Degussa	378	−9
D'tche Babcock	186	+6
Deutsche Bank	481.5	−4.5
Dresdner Bank	254.5	−2
Feldmuehle Nobel	243	−2
Henkel	475.2	−20.8
Hochtief	406.1	−2.9
Hoechst	248.5	+3
Hoesch Werke	100	−2
Holzmann (P)	293	−7
Horten	173	—
Husel	430	−11
Karstadt	433	−10
Kaufhof	410	−3
KHD	107	−0.5
Kloeckner Werke	119	−6
Linde	500	−15
Lufthansa	129	+1
MAN	136	+0.5
Mannesmann	129	−1.8
Mercedes Hld	611	−7
Metallgesell	245	−12
Muench Rueck	1,170	−120
Nixdorf	619	−3
Porsche	610	—
Preussag	145	+2.2
Rhein West Elect	221	+1.5
Rosenthal	200	—
Schering	411	−17
Siemens	454	−7
Thyssen	111	+4
Varta	265	+3
Veba	276.2	+1.7
V.E.W.	153.5	−4
Verein-West	368	−14
Volkswagen	262	−2

ITALY

November 5	Price Lire	+ or −
Banca Com'le	2,351	−110
Bastogi-IRBS	312	−14
CIR	3,500	−100
Credito Italian	1,465	−85
Fiat	8,600	−400
Generali Assicur	87,550	−3,800
Italcementi	92,120	−3,980
La Rinascente	1,062	—
Montedison	1,992	−3
Olivetti	7,473	−437
Pirelli Co	4,200	−285
Pirelli Spa	3,575	−175
Saipem	3,050	—
Snia BPD	2,850	−81
Toro Assic	20,270	−1,630

NETHERLANDS

November 5	Price Fls.	+ or −
ACF Holding	41.00	−0.1
AEGON	54.50	—
Ahold	63.50	+3
AKZO	95.00	+2
ABN	37.20	+0.5
AMEV	39.50	+1.2
AMRO	60.50	−0.8
Buehrmann-Tet	37.00	−1
Dordtsche Petroleum	188.00	+2
Elsevier Ndr	37.30	+1
Fokker	24.50	−0.3
Gist Brocades	29.70	−2.2
Heineken	123.00	+1.5
Hoogovens	28.20	−0.6
Hunter Douglas	34.60	−0.6
IHC Caland	16.50	+0.4
Int Mueller	38.50	−1.4
KLM	29.50	−2.4
KNP	105.00	−4.5
Nat Ned Cert	46.50	—
Ned Mid Bank	126.00	−0.5
Ned Lloyd	118.00	+1
Oce Grinten	198.50	+0.5
Ommeren (Van)	21.70	+0.2
Pakhoed	59.20	+0.2
Philips	30.50	—
Robeco	82.00	+0.2
Rodamco	139.60	−1.4
Rolinco	73.80	−1.2
Rorento	52.20	+0.3
Royal Dutch	204.00	+3
Unilever	108.50	+2
VMF Stork	13.00	−0.4
VNU	51.10	−2.4
Wessanen	58.30	−0.7
Wolters Kluwer	102.50	+0.5

NORWAY

November 5	Price Kroner	+ or −
Aker Norcem	61.50	—
Bergen Bank	171.00	−5.5
Bergesen B	320.00	+2.5
Christiania Bk	178.50	−8.5
Den Norske Credit	145.00	−9
Elkem	74.50	−5.5
Hafslund	354.00	−21
Kosmos	116.50	−3.5
Kvaerner	202.50	−27.5
Norsk Data	110.00	−9
Norsk Hydro	180.00	—
Orkla Borregaard	345.00	−35
Storebrand	62.50	−5

SPAIN

November 5	Price Pts.	+ or −
Alcazar	700.00	—
Banco Bilbao	1389.00	—
Banco Central	900.00	—
Banco Exterior	509.00	−1
Banco Hispano	693.00	−27
Banco Popular	1400.00	+25
Banco Santander	1024.00	−6
Banco de Vizcaya	1380.00	−55
Banesto	950.00	−10
Dragados	440.00	−50
Hidrola	88.00	+1.3
Iberduero	115.50	+4
Petroleos	494.00	+7
Telefonica	159.00	+4

SWEDEN

November 5	Price Kronor	+ or −
AGA (Free)	140.00	−3
Alfa-Laval	250.00	−20
ASEA B (Free)	310.00	−10
Astra B (Free)	185.00	+4
Atlas Copco	148.00	−2
Beijer A Fria	233.00	—
Cardo (Free)	230.00	—
Electrolux B	214.00	+2
Ericsson	168.00	−1
Esselte	145.00	+5
Mo Och Domsjo	288.00	−7
Pharmacia	142.00	−1
Saab-Scania (free)	165.00	−15
Sandvik	150.00	—
Skandia Ins	167.00	—
Skanska Intl	149.00	−2
Skan Enskilda	119.00	+1
SKF	235.00	−15
St Kopparbergs	292.00	−3
Svea Cellulosa	237.00	—
Svea Handelsbn	99.00	—
Swedish Match	82.00	−3
Volvo B (Free)	271.00	−11

SWITZERLAND

November 5	Price Frs.	+ or −
Adia Intl	6,050	−350
Alusuisse	470	−5
Bank Leu	2,620	−30
Brown Boveri	2,040	−60
Ciba Geigy	2,850	−25
do. (PtCts)	1,700	−10
Credit Suisse	2,550	−40
Elektrowatt	2,775	−75
Fischer (Geo.)	800	−70
Hoff-Roche (PtCts)	95,000	−5,000
Hoff-Roche 1/10	9,600	−250
Jacobs Suchard	6,950	−450
Jelmoli	2,450	−150
Landis and Gyr	1,425	−50
Nestle	8,100	−50
Oer-Buhrle	1,055	−85
Pargesa Hldg	1,420	−70
Pirelli	313	−28
Sandoz (Br)	10,000	—
Sandoz (PtCts)	1,650	—
Schindler (PtCts)	450	−35
Sika	550	−60
Surveillance	3,600	−200
Swissair	855	−55
Swiss Bank	395	−8
Swiss Reinsce	12,200	+280
Swiss Volksbk	1,840	−40
Union Bank	3,675	−85
Winterthur	4,600	−250
Zurich Ins	5,075	−175

AUSTRALIA

November 5	Price Aust$	+ or −
ACI Intl.	3.50	—
A.F.P.	0.90	−0.1
Adelaide Steams	5.00	−0.3
Amcor	3.70	+0.1
ANZ Group	3.70	−0.05
Ampol Pet	2.40	—
Ariadne Aust	0.69	−0.06
Ashton	1.75	−0.05
Aust Consnt	2.45	−0.05
Aust Nat Inds	1.80	+0.04
Bell Group	2.40	−0.2
Bell Resources	1.30	−0.26
Bond Corp Hldgs	1.40	−0.05
Boral	3.65	−0.05
B'ville Copper	2.65	−0.1
Brambles Inds	7.00	+0.1
Bridge Oil	1.00	+0.02
BHP	7.30	−0.2
BHP Gold	1.01	−0.09
Burns Philp	3.85	—
CRA	4.70	—
CSR	3.20	—
Chase Corp	1.40	−0.3
Claremont Petro	0.65	−0.02
Coles Myer	5.50	−0.1
Comalco 'A'	2.90	+0.05
Consolidated Pet	0.08	—
Costain Aust	2.20	—
Elders IXL	2.60	−0.05
Energy Res	2.95	—
Gen Prop Trust	2.60	−0.1
Goodman Fielder	3.20	−0.25
Hardie (J)	3.05	—
Hartogen Energy	1.60	−0.05
ICI Aust	3.80	−0.05
Industrial Equity	1.95	−0.15
Jimberlana (50cFP)	0.20	−0.05
Jones (David)	6.90	−0.6
Kia Ora Gold	0.55	−0.05
Kidston Gold	4.50	−0.45
Lend Lease	9.00	−0.5
MIM	1.60	—
Mayne Nickless	3.90	−0.1
Nat.Aust. Bank	4.20	−0.1

AUSTRALIA (Continued)

November 5	Price Aust$	+ or −
News	10.50	−0.4
Noranda Pacific	1.50	−0.1
North Bkn Hill	1.85	−0.1
Oakbridge	0.27	+0.02
Pacific Dunlop	3.75	—
Pancont'l	1.95	−0.05
Pioneer Conc	2.70	−0.1
Placer Pacific	1.85	−0.1
Poseidon	3.00	−0.3
Queensland Coal	1.13	−0.01
Santos	4.25	−0.05
Smith (H.)	3.40	−0.1
Thos Nationwide	3.10	—
Tooth	6.00	−0.2
Vamgas	2.00	—
Western Mining	4.95	—
Westpac	4.40	—
Woodside Petrol	1.20	−0.05
Woolworths	2.40	−0.05
Wormald Intl	2.20	−0.05

HONG KONG

November 5	Price H.K.$	+ or −
Bank East Asia	16.90	−1.6
Cathy Pacific	4.95	−0.25
Cheung Kong	6.15	−0.6
China Light	16.80	−0.6
Evergo	0.29	−0.02
Hang Lung	3.65	—
Hang Seng Bank	25.50	−1.8
Henderson Land	3.15	−0.45
Hongkong China	10.00	−0.7
HK Electric	7.00	−0.2
HK Land	5.85	−0.7
HK Shanghai Bank	6.75	−0.3
HK Telephone	10.90	−0.1
Hutchison Wpa	6.80	−0.15
Indust Equity P	11.50	—
Jardine Math	8.75	−0.35
New World Dev	5.55	−0.5
SHK Props	7.25	−0.55
Shell Elec.Mfg	0.77	−0.16
Swire Pac A	12.40	−0.7
TV-B	9.25	+0.35
Wharf Hldgs	4.97	−0.58
Winsor Ind	6.10	−0.7
World Intl Hldgs	3.90	—

JAPAN

November 5	Price Yen	+ or −
Ajinomoto	3,450	−70
All Nippon Air	2,180	−10
Alps Electric	1,730	−50
Asahi Chemicals	1,090	−40
Asahi Glass	1,820	—
Bank Tokyo	1,360	+60
Bridgestone	1,150	−40
Brother Inds	623	−16
Canon	901	−21
Casio Computers	1,110	—
Chugai Pharm	1,540	−60
Daiei	1,420	—
Dai Ichi Kan Bank	2,900	+30
Dai Nippon Ink	730	−20
Dai Nippon Ptg	2,160	—
Daiwa House	1,780	−40
Daiwa Sec	2,160	−120
Eisai	1,790	−30
Fanuc	4,600	−200
Fuji Bank	3,050	−40
Fuji Film	3,470	−60
Fujisawa	1,790	−50
Fujitsu	1,110	+10
Furukawa Elect	777	−8
Green Cross	2,330	−90
Heiwa Real Est	1,790	−60
Hitachi	1,130	+20
Hitachi Credit	1,410	−120
Honda	1,200	−50
Indl Bank Japan	3,050	−100
Ishikawajima Ha	632	−24
Isuzu Motors	404	−9
Itoh(C)	651	−24
Ito Yokado	3,370	−300
JAL	17,500	−200
Jusco	1,220	−40
Kajima	1,770	—
Kao Corp	1,780	−40
Kawasaki Steel	343	−4
Kirin	2,160	−10
Kobe Steel	293	−12
Komatsu	640	−5
Konishiroku	780	−6
Kubota	548	+9
Kumagai	945	−41
Kyoto Ceramic	4,490	−50
Marubeni	450	−10
Marui	2,710	−90
Mazda Motors	408	−10
Meiji Seika	940	−35
MEI	1,950	−30
M'bishi Bank	2,700	−50
M'bishi Chem	976	−14
M'bishi Corp	1,030	−30
M'bishi Elec	534	−11
M'bishi Estate	2,160	−90
MHI	620	−17
Mitsui Bank	2,120	−30
Mitsui Co	676	+4
Mitsui Estate	1,890	−70
Mitsui Toatsu	646	−20
Mitsukoshi	1,580	−50
NGK Insulators	903	−19
Nikko Sec	1,730	−70
Nippon Denso	1,520	−10
Nippon Elect	1,800	−20
Nippon Express	1,230	−40
Nippon Gakki	1,450	+20
Nippon Kogaku	911	−29
Nippon Kokan	345	−14
Nippon Oil	1,200	−30

JAPAN (Continued)

November 5	Price Yen	+ or −
Nippon Seiko	532	−19
Nippon Shinpan	1,000	−20
Nippon Steel	426	−9
Nippon Suisan	571	+1
Nippon Yusen	599	−14
Nissan Motor	689	−7
Nisshin Flour	1,180	−10
Nomura	3,470	−120
Olympus	936	−19
Onoda Cement	725	−10
Orient Finance	1,300	−60
Orient Leasing	3,000	−40
Pioneer	2,100	−20
Ricoh	1,030	−20
Sankyo	1,480	−20
Sanwa Bank	2,440	+20
Sanyo Elect	495	—
Sapporo	1,620	−20
Sekisui House	1,800	−50
Seven-Eleven	6,700	−10
Sharp	920	−12
Shimizu Const.	995	−5
Shionogi	1,440	−60
Shiseido	1,600	−60
Showa Denko	725	−17
Sony	3,900	+20
Sumitomo Bank	3,300	−100
Sumitomo Chem	775	−5
Sumitomo Corp	901	−39
Sumitomo Elect	1,530	−60
Sumitomo Metal	307	−12
Sumitomo Tr & Bk	2,910	−80
Taisei Corp	1,040	−10
Taisho Marine	991	−19
Taiyo Kobe Bank	1,440	−20
Takeda	2,830	−100
TDK	3,810	−120
Teijin	760	−27
Toa Nenryo Kyo	1,720	−80
Tokai Bank	2,000	+100
Tokio Marine	1,890	−30
Tokyo Electric Pwr	6,790	−110
Tokyo Gas	1,000	−10
Tokyo Corp	1,570	−40
Toppan Print	1,630	−30
Toray	725	−6
Toshiba Elect	668	+1
Toyo Seikan	2,440	+40
Toyota Motor	1,770	−20
UBE Inds	412	−11
Victor	2,150	−20
Yamaha	771	−39
Yamaichi Sec	1,740	−10
Yamanouchi	3,460	−120
Yamazaki	1,350	−20
Yasuda Fire	920	−25

SINGAPORE

November 5	Price $	+ or −
Boustead Hldgs	1.66	−0.02
Cerebos Pacific	4.14	−0.3
Cold Storage	3.88	−0.12
DBS	8.95	−0.05
Genting	4.08	−0.06
Haw Par Bros	3.00	−0.18
Hong Leong Fin	2.75	−0.15
Inchcape Bhd	3.10	−0.3
Keppel Shipyard	2.81	−0.17
Malayan Banking	4.10	−0.18
Malayan Utd Ind	1.35	−0.05
Multi Purpose	0.40	—
OCBC	7.05	−0.05
OUB	3.58	−0.1
Public Bank	1.58	−0.05
Sime Darby	1.95	−0.05
Singapore Air	9.00	−0.2
Singapore Press	6.60	−0.2
Straits Trading	3.38	−1.92
Tat Lee Bank	3.00	−0.16
UOB	4.98	—

SOUTH AFRICA

November 5	Price Rand	+ or −
Abercom	2.05	+0.05
AE & CI	12.00	−1
Allied Tech	95.00	−5
Anglo Am Coal	30.00	—
Anglo Am Corp	51.50	−7.5
Anglo Am Gold	264.70	−30.3
Barclays Bank	18.50	−1
Barlow Rand	18.50	−0.75
Buffels	60.00	−2
CNA Gallo	3.90	−0.2
Currie Finance	4.25	—
De Beers	30.00	−2.75
Driefontein	64.50	−3
Finsgold	38.50	−1
Gold Fields SA	48.00	−7
Highveld Steel	4.90	—
Malbak Hldgs	17.00	—
Nedbank	5.50	−0.7
OK Bazaars	13.90	−0.5
Rembrandt	8.50	−0.5
Rust Plat	27.75	−3.25
Safren	19.50	−1
Sage Holdings	14.00	—
SA Brewers	16.50	−1
Smith (C.G)	24.00	−2
Tongaat Hulett	9.50	—

NOTES. – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner

CANADA

TORONTO

Prices at 2.30pm November 5

Sales	Stock	High	Low	Close	Chng
4579	AMCA Int	$9⅝	9½	9⅝	
46730	Abitibi Pr	$23	22⅝	22¾	−½
35600	Agnico E	$22½	21⅝	22	−1⅛
228374	Albrta En	$17	16¾	16¾	−¼
4000	Albrta N	$11½	11½	11½	+¼
145158	Alcan	$31⅞	30¾	31¾	+½
1142	Algoma St	$15½	15	15½	+⅝
48300	Asamera	$8½	8	8⅛	−⅜
14750	Atco I f	$8⅝	8½	8⅝	
62507	Bk BCol	62	59	59	−2
1100	BC Sugar A	$23½	23	23⅛	−⅞
14213	BGR A	$9⅝	8⅞	9¼	−⅜
4220	BP Canada	$17½	17⅛	17⅛	−¼
50461	Bk Montl	$25⅞	25½	25⅝	−⅛
113039	Bk NScot	$12½	12⅛	12⅜	−¼
96335	Bell Can	$37	36¾	36⅞	+⅛
36898	Bow Valy	$14½	14¼	14⅜	−⅛
6600	Bralorne	155	150	150	−10
1700	Bramalea	$18¾	18¾	18⅝	−¼
23207	Brascan A	$25⅞	25	25⅝	+⅜
109725	Brkwater	$5½	480	480	−35
500	Brenda M	$12⅝	12⅜	12⅜	+⅛
8150	BC ForP	$16¾	16¼	16¼	−⅛
40300	BC Res	84	81	83	−2
7262	BC Phone	$25⅞	25½	25⅝	+¼
100	Brunswk	$11⅛	11⅛	11⅛	−⅛
876535	CAE	$7⅜	6¾	7	−¼
112873	CCL B f	$8⅛	7¾	8⅛	+⅛
7175	Cambridg	$20¼	20	20¼	+⅛
11340	Camp Res	180	175	180	−10
700	Camp Soup	$17⅜	17¼	17⅜	+⅛
108214	Campeau f	$14⅛	13¾	14	−¼
2375	CCem ex p	$15½	15½	15½	
107354	CDC f	$9	8¾	8⅞	−⅛
500	Can Malt	$22⅛	22	22	−⅛
6200	C Nor West	$17½	17½	17½	
6600	C Packrs	$15¼	13⅝	13⅞	−⅛
1587	CS Pete f	240	240	240	−5
587	Can Trust	$58¾	58¼	58¾	−1¼
81179	CI Bk Com	$17⅞	17⅜	17⅞	+⅛
1500	C Marconi	$14⅝	14⅝	14⅝	−⅛
7100	C Ocdental	$16	15¾	16	−¼
398399	CP Ltd	$21¼	20¾	21	−¼
47500	CTire A f	$11⅝	11½	11⅝	−⅛
9305	CUtil A f	$18½	18¼	18½	
1225	CUtil B	$18½	18¼	18½	+¼
47825	Canfor	$19½	19	19½	−½
100	Cantron A	$10¾	10¼	10¾	−¼
3200	Cara	$9⅝	9½	9½	−⅜
3600	Cara A f	$9¼	9¼	9¼	
47340	Carma A	21	20	20	−1
1600	Celanese	$17⅝	17	17⅝	+⅛
14310	CentFd A	$6¾	6½	6¾	
9	Chieftan	$9¼	9¼	9¼	
1225	CHUM B f	$13¾	13⅝	13⅝	−¼
168550	Cominco	$12½	12	12⅜	−⅜
5100	Computlog	$5½	5½	5½	
1900	Conpol In	190	185	190	−10
19260	Con Bath A	$16	15½	15⅞	+⅜
5450	CDistb B f	$5½	5⅜	5½	+⅛
1700	Cons Gas	$23¾	23½	23⅝	+¼

Sales	Stock	High	Low	Close	Chng
1200	CTL Bank	325	315	315	
250	Corby	$16¼	16¼	16¼	−¼
2900	Costain Ltd	$8	7⅞	7⅞	+⅛
11066	Coseka R	65	60	60	−4
600	Crownx	$11¼	11	11¼	
7730	Crownx A f	$5½	5⅜	5⅜	−⅛
57525	Czar Res	130	125	125	−11
12104	Denison A p	$5¼	5⅛	5⅛	
14904	Denison B f	490	480	480	
200	Develcon	295	285	285	+10
35400	Dicknsn A f	$8	7	7	−1⅛
8550	Dofasco	$21⅝	21	21⅝	+⅝
121898	Dome Pete	87	84	87	
161	D Textle	$15½	15½	15½	−¼
13000	Domtar	$14⅛	13⅞	14	−⅛
2372	Du Pont A	$25⅜	25	25⅛	−⅞
30200	Dylex A	$8⅞	8⅝	8¾	+¼
151436	Echo Bay	$23¼	21¾	22½	−2⅛
400	Emco	$12½	12¼	12½	
200	FCA Intl	$10	10	10	−¼
153832	Fcnbrdg	$19¼	18¾	19¼	+¼
84885	Fed Ind A	$12¾	12⅜	12⅜	−⅛
1000	Fed Pion	$8½	8½	8½	−½
1100	FCity Fin	$14	13¾	14	−⅛
5	Ford Cnda	$124¾	124¾	124¾	
15620	Gandalf	$7½	7⅛	7½	+⅛
7300	Geac Comp	160	160	160	
2300	Gendis A	$13½	13	13⅛	−⅜
10000	Giant Yk	$19	19	19	−1½
2500	Gibraltar	$9⅛	9	9	
148035	Goldcorp f	$7½	7	7⅛	−½
600	GL Forest	$39	39	39	−¾
190	Greyhnd	$19¾	19¾	19¾	+½
2875	Hawker	$19⅛	19	19	−1
5179	Hayes D	$10½	10¼	10¼	−¼
34125	Hees Intl	$18¼	17¾	18¼	
7816	H BayMn s	$8⅝	8½	8½	−¼
1151	H Bay Co	$19¼	19	19¼	+¼
32100	Imasco	$26⅜	26⅛	26¼	
79675	Imp Oil A	$60¼	59⅝	60¼	
186830	Inco	$20	19	19¾	+⅛
74000	Indal	$9⅝	9⅛	9⅛	−⅜
1600	Inland Gas	$11¾	11½	11¾	+¼
9600	Innopac	$9	9	9	
9850	Inter City	$14¼	14	14⅛	+⅛
15166	Intl Thom	$10½	10¼	10½	
1437	Intpr Pipe	$41⅞	41	41⅞	−⅛
20	Ipsco	$10	10	10	
188280	Ivaco A f	$11¼	11	11	−¼
10000	Ivaco B	$11⅛	11⅛	11⅛	+⅛
24350	Jannock	$15½	15	15½	
44000	Kerr Add	$18¾	18½	18½	
2800	Kiena Gld	$14⅝	13¾	13¾	−1¼
87958	Labatt	$24	23⅝	23⅞	−⅛
190261	LL Lac	$10⅛	9⅞	10¼	−½
33600	Lacana	$11¾	11	11½	−½
7550	Laidlaw A	$16⅝	16	16⅝	
618663	Laidlw B f	$15⅝	15⅜	15½	−¼
3600	Leigh Inst	395	390	390	−5
11336	Loblaw Co	$11⅞	11⅞	11⅞	
10000	Lumonics	$6½	6	6¼	−⅛
2400	MICC	$9¾	9¾	9¾	+¼
4100	MSR Ex	240	225	225	−5
188488	Mclan H X	$18¼	17¾	18¼	+½
112263	Mcln HY f	$17	17	17	
151754	Macmillan	$18	17	18	+1
239158	Magna A f	$11⅝	11¼	11⅜	−⅛

Sales	Stock	High	Low	Close	Chng
240	Maritime f	$14½	14½	14½	−¼
23500	Mintl Res	290	250	255	−35
71550	Mitel Corp	370	360	360	−5
2400	Moffat	$12½	12½	12½	
37352	Molson A f	$20¾	20⅝	20¾	+⅛
1800	M Trusco	$12	12	12	−¼
61282	Moore	$25⅝	25⅛	25½	−⅛
78869	Nat Bk Can	$10⅝	10⅛	10⅝	
30	Nt Vg Trco	$18	18	18	
500	Nfl CapA f	$8	7⅞	7⅞	−⅛
3368	Nfld LP A	$18½	18⅜	18⅜	−⅛
412323	Noranda	$21¾	21	21⅜	+⅛
23307	Norcen	$18½	18	18	−⅜
10090	Norcn ord f	$16¼	16	16	−⅜
22878	NC Oils	$17½	17¼	17¼	−½
99137	Nor Tel	$23¼	22½	23¼	+⅜
125700	Northgat	$6¼	6⅛	6¼	−¼
26300	Nowsco W	$14¾	14½	14¾	
4600	Nu West	29	27	29	
8800	Numac	$8¼	8	8¼	
1000	Oakwood	250	250	250	−5
5000	Oakwd A f	195	195	195	−5
1000	Ocelot B f	465	465	465	−35
25078	Oshawa A f	$19⅞	19½	19½	−¼
130281	PacW Airl	$18	17¼	17¾	+⅜
162740	Pgurin A f	$8	7½	8	+⅜
52935	Pamour	$9	8	8⅛	−1½
15950	PanCan P	$24¾	24½	24¾	
25145	Pegasus	$17¼	17⅛	17⅛	−1⅜
4060	PJewl A f	$7⅞	7¾	7¾	−¼
700	Pine Point	$12¼	12	12	−⅛
57354	Poco Pet	$11	10⅝	11	
61350	Powr Cor f	$12⅞	11⅞	12⅛	+¼
4900	Precamb	285	265	265	−20
20500	Provigo	$8½	8½	8½	
6400	Que Sturg	350	340	340	−35
300	Que Tel	$12¾	12½	12½	−¼
102800	Ranger	$5¼	5	5⅛	
3300	Rayrock f	$8¾	8½	8½	−⅛
2820	Redpath	$8½	8⅛	8½	
3200	Regionl R	200	190	190	−10
60	Reitman A f	$16½	16½	16½	
18866	Renlsance	$13¼	12¾	13	−½
103625	Repap f	$10	9½	9⅞	−⅛
39530	Rio Algom	$16¾	16½	16⅝	−⅜
400	Rogers A	$20½	20¼	20½	+¾
15200	Rogers B f	$18¼	18	18¼	−⅛
310	Roman	$9⅝	9⅝	9⅝	+⅛
100	Rothman	$41	41	41	
81234	Royal Bak	$27¾	27¼	27⅜	−⅛
27817	RyTrco A	$14⅝	14	14⅝	+¼
134239	Royex	$5¾	5¼	5½	−¼
2700	SHL Syst	$18⅛	17⅞	18	
12350	StL CemA f	$12⅛	12	12⅛	
208900	Sceptre	360	340	360	+10
1500	Scot Paper	$16½	15½	16½	
5900	Scotts f	$9⅝	9½	9⅝	
1000	Scotts C	$10¼	10¼	10¼	−¼
61580	Seagram	$77¾	74½	77¼	+2
11550	Sears Can	$8⅝	8¼	8½	+⅛
100	Selkirk A f	$22	22	22	+1
22784	Shell Can	$35¼	34¾	34¾	−¾
4875	Sherritt	$5½	5¼	5¼	
27900	Southm	$17	16⅝	17	+¼
6700	Spar Aero f	$14¼	14⅛	14⅛	−¼
1000	Steinbg A f	$32¾	32¾	32¾	−¼
144836	Stelco A	$19½	19	19⅛	−⅛

Sales	Stock	High	Low	Close	Chng
28898	Teck B f	$32⅞	32	32¼	−¾
18000	Terra Mn	119	112	112	−6
69820	Texaco Can	$26	25½	26	+¼
30575	Thom N A	$25¼	24½	25	−½
90783	Tor Dm Bk	$24	23⅝	23⅞	−⅛
5000	Tor Sun	$18¼	18⅛	18¼	−¼
21375	Torstar B f	$24	23	24	−½
8300	Total Pet	$18	17¾	17¾	−½
300	Trns Mt	$13	13	13	+⅛
38795	TrnAlta UA	$27⅝	27⅛	27⅜	−½
31303	TrCan PL	$16	15½	16	+¼
8314	Trilon A	$15¾	15½	15¾	+¼
5106	Trimac	350	335	350	−20
1000	Trinity Res	50	50	50	+5
10447	Trizec A f	$22⅞	22¾	22¾	−¼
500	Trizec B	$24	24	24	
4887	Ulster P	203	200	200	−5
240	Un Carbid	$13¾	13¾	13¾	−¼
1815	U Entprise	$8⅞	8¾	8⅞	
4000	U Canso	61	61	61	−4
200	Un Corp	$38	38	38	
21400	Vulcan Ind	229	215	220	−10
13000	Wajax A	$11½	11½	11½	
8218	Wcoast T	$14⅝	14½	14½	
4400	Westmin	$9½	9⅜	9⅜	
2310	Weston	$31	30½	31	+⅛
1722	Woodwd A	$5½	5¼	5½	+¼

F—No voting rights or restricted voting rights.

MONTREAL

Closing prices November 4

Sales	Stock	High	Low	Close	Chng
21684	Bank Mont	$26	25⅝	25⅞	−⅛
52700	BmbrdrA	$8½	8⅛	8½	+⅛
78540	BombrdrB	$14⅝	14⅛	14⅛	−⅛
3500	CB Pak	$13	13	13	
44367	Cascades	$7½	7¼	7¼	−¼
500	CIL	$26⅝	26⅝	26⅝	−¼
153475	ConBath	$15¾	15½	15½	−⅛
732	DomTxtA	$16⅝	15¾	15½	
5349	MntTrst	$12½	12	12	−¼
32957	NatBk Cda	$10½	10¼	10⅜	−⅛
422114	Noverco	$11½	10½	11	+¼
129840	Power Corp	$12⅛	11¾	11¾	−½
13600	Provigo	$8¾	8⅝	8¾	
6000	Repap Entr	$10¾	9⅞	10¼	+⅛
52732	Royal Bank	$27⅝	27⅜	27½	−¼
1600	SteinbrgA	$33	33	33	
6150	Videotron	$10⅝	10¼	10⅝	+¼

Total Sales 6,640,801 shares

Indices

NEW YORK–DOW JONES

	Nov 5	Nov 4	Nov 3	Nov 2	Oct 30	Oct 29	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Industrials	1,981.85*	1,946.20	1,983.53	2,014.09	1,993.53	1,938.33	2722.42 (25/8/87)	1738.42 (19/10/87)	2722.42 (25/8/87)	41.22 (2/7/32)
Transport	788.14*	786.29	778.55	784.38	767.24	725.58	1101.16 (14/8)	674.82 (20/10)	1101.16 (14/8)	12.32 (8/7/32)
Utilities	188.30*	184.82	184.82	186.87	182.55	182.56	227.83 (22/1/87)	160.98 (19/10/87)	227.83 (8/4/87)	10.5 (8/4/32)
Trading vol	—	203.70m	221.30m	178.04m	308.55m	258.14m	—	—	—	—

	Oct 30	Oct 23	Oct 16	Year Ago (Approx)
Ind Div Yield %	3.46	3.87	2.78	3.66

STANDARD AND POORS

	Nov 5	Nov 4	Nov 3	Nov 2	Oct 30	Oct 29	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Industrials	280.81*	283.83	286.56	290.87	293.07	278.75	393.17 (25/8)	257.81 (19/10)	393.17 (25/8)	3.62 (21/6/32)
Composite	253.88*	248.96	258.82	256.26	256.75	244.77	336.77 (25/8)	224.90 (19/10)	336.77 (25/8)	4.40 (1/6/32)

	Oct 28	Oct 21	Oct 14	Year Ago (Approx)
Ind div yield %	3.31	2.97	2.48	3.04
Ind. P/E Ratio	16.38	18.26	21.77	17.24
Long Gov Bond Yield	8.86	8.22	9.81	8.69

N.Y.S.E. ALL COMMON

Nov 5	Nov 4	Nov 3	Nov 2	1987 High	1987 Low
141.74*	138.11	140.11	142.34	187.99 (25/8)	127.88 (20/10)

RISES AND FALLS

	Nov 3	Nov 2	Oct 30
Issues traded	1,987	2,008	2,009
Rises	481	1,080	1,611
Falls	1,201	614	224
Unchanged	295	285	174

TORONTO

	Nov 5	Nov 4	Nov 3	Nov 2	1987 High	1987 Low
Metals & Minls	2,288.6*	2,252.9	2,307.1	2,437.5	3,587.5 (5/10/87)	1,980.2 (2/1/86)
Composite	2,851.6*	2,868.4	3,088.3	3,078.5	4,112.5 (13/8)	2,846.6 (28/10)
MONTREAL Portfolio	1,513.38*	1,612.79	1,529.39	1,578.86	2,224.72 (12/12)	1,435.84 (28/10)

* Indicates pre-close figure

	Nov. 5	Nov. 4	Nov. 3	Nov. 2	1987 High	1987 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1290.5	1290.0	1364.7	1360.8	2305.9 (21/9)	1250.5 (5/11)
Metals & Minerals (1/1/80)	676.7	698.7	755.7	739.2	1462.4 (14/10)	676.7 (5/11)
AUSTRIA						
Credit Aktien (30/12/84)	184.41	189.77	193.01	193.89	232.19 (22/9)	182.21 (19/6)
BELGIUM						
Brussels SE (1/1/80)	3766.1	3844.6	3947.5	(c)	5412.2 (13/8)	3527.5 (30/10)
DENMARK						
Copenhagen SE (3/1/83)	(u)	186.37	185.66	186.31	219.76 (27/8)	182.40 (29/10)
FINLAND						
Unitas General (1975)	597.0	606.3	602.4	592.0	679.1 (15/10)	425.2 (5/1)
FRANCE						
CAC General (31/12/82)	297.1	300.9	310.9	(c)	460.4 (26/3)	293.6 (29/10)
Ind. Tendance (31/12/86)	76.4	77.0	79.9	(c)	117.2 (26/3)	76.3 (29/10)
GERMANY						
FAZ Aktien (31/12/58)	455.73	466.93	483.93	490.30	676.84 (6/1)	455.73 (5/11)
Commerzbank (1/12/53)	1396.6	1427.9	1485.3	1505.3	2061.1 (17/8)	1396.6 (5/11)
HONG KONG						
Hang Seng Bank (31/7/64)	1960.90	2077.11	2180.74	2203.23	3949.73 (1/10)	1960.90 (5/11)
ITALY						
Banca Com. Ital. (1972)	505.19	523.15	530.65	535.92	767.34 (30/4)	505.19 (5/11)
JAPAN**						
Nikkei (16/5/49)	22629.56	23060.53	(c)	23358.60	26646.43 (14/10)	18544.00 (13/1)
Tokyo SE New (4/1/68)	1857.07	1885.72	(c)	1914.87	2258.56 (11/6)	1557.46 (13/1)
NETHERLANDS						
ANP-CBS General (1970)	208.7	213.2	221.5	230.5	334.1 (14/8)	208.7 (5/11)
ANP-CBS Industrial (1970)	161.7	169.9	176.3	184.4	280.8 (11/8)	161.7 (5/11)
NORWAY						
Oslo SE (4/1/83)	351.70	375.30	397.31	398.62	592.04 (21/9)	351.70 (5/11)
SINGAPORE						
Straits Times Ind. (30/12/66)	817.7	857.5	878.0	872.3	1505.4 (26/8)	782.5 (29/10)
SOUTH AFRICA						
JSE Gold (28/9/78)	(u)	1578.0	1734.0	1808.0	2499.0 (3/8)	1578.0 (4/11)
JSE Industrial (28/9/78)	(u)	1537.0	1615.0	1679.0	2266.0 (16/10)	1423.0 (2/1)
SPAIN						
Madrid SE (30/12/85)	230.97	231.62	239.56	238.68	325.44 (6/10)	202.89 (8/5)
SWEDEN						
Jacobson & P. (31/12/56)	2266.12	2277.7	2435.1	2482.6	3550.4 (9/10)	2112.4 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	489.9	506.7	525.0	543.4	729.7 (5/10)	489.9 (5/11)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	396.7	404.1	408.2	495.9 (27/8)	361.3 (2/1)

** Saturday October 31: Japan Nikkei 23328.91 . TSE 1917.42

Base values of all indices are 100 except Brussels SE – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia. All Ordinary and Metals – 500; NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 industrials plus 40 utilities, 40 Financials and 20 transports. (c) Closed.(u) Unavailable.

TOKYO – Most Active Stocks Thursday, November 5, 1987

	Stocks Traded	Closing Prices	Change on Day		Stocks Traded	Closing Prices	Change on Day
Nippon Steel	38.13m	426	−8	Ishikawajima-Harima	18.37m	632	−24
Mitsui E and S	23.55m	287	−6	Hitachi Zosen	7.25m	228	−7
Kawasaki Steel	21.05m	343	−4	Sumitomo Metal	6.66m	307	−12
Nippon Kokan	17.05m	345	−14	Mitsubishi Heavy Ind.	6.58m	620	−17
Hitachi Ltd	13.83m	1,130	+20	Matsushita Elec Ind	5.56m	1,950	−30

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Philadel Elect	1,620,500	20⅝	+⅜	Eastman Kodak	2,295,800	50½	−3⅜
P Serv NM	7,077,600	22⅝	−½	Exxon	2,047,300	42¾	−⅞
BP (when issued)	3,729,900	16⅛	+½	AT&T	1,995,300	29⅜	−⅜
General Motors	2,803,700	60¼	+1½	Gt West Financial	1,909,200	15	+⅜
General Electric	2,311,100	44	−1½	IBM	1,796,800	120⅝	−1¼

LONDON Chief price changes

(in pence unless otherwise indicated)

RISES:		
BICC	307	+17
Barclays	443	+20
Beecham	424	+27
Comm. Union	311	+20
First Nat Fin	225	+27
Grand Met	377	+12
RHM	250	+10
Royal Insurance	400	+25
Smith (W H) A	330	+15
Tate & Lyle	590	+21
Ultramar	194	+18
Wellcome	327	+15

FALLS:		
Blenheim Exhib.	455	−70
Brierley Invs	85	−25
De La Rue	378	−25
Grampian TV A	43	−7
Ladbroke	297	−17
Miller (Stanley)	48	−22
Polly Peck	230	−15
Tyndall Hldgs	150	−20

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 49

Stock		Sales (Hnds)	High	Low	Last	Chng
OpticC	68	475	15⅝	14¾	15	−¼
OpticR	14	164	15	14	15	+¾
Oracles	67	1386	24½	23½	24¼	+½
Orbit	11	126	4⅝	4⅛	4⅝	+⅛
Orgngn		504	14½	12	14½	+2½
OshBAs	16	459	24¾	23⅝	24⅝	+½
OshkTB .30	6	443	19¼	18¼	18¼	−½
OttrTP 2.92	11	547	35¼	33¾	35¼	+1¼
OwenMn.36	9	119	13¼	12¾	13¼	−¼
P Q						
PACE		221	5¼	5	5⅛	+⅛
PCS	38	157	24¾	24¼	24¾	+¼
Pacar 1.60a	11	482	60	53½	60	+6¾
PacFst .40e	3	480	12½	12⅛	12½	+⅜
Pantera	16	330	6¾	5⅞	6½	+⅝
Parisan	17	279	19¾	19¼	19¾	+¼
Patlex		2722	13½	10¾	13½	+2
PaulHrs	10	477	7¾	7⅜	7⅜	−⅛
Paychx	31	115	20½	19¾	19¾	−½
PegGld	38	1417	13½	12¾	13⅛	−⅞
Penbcs .88	11	381	27½	25¾	25¾	−1½
Pentair .89	14	533	22¼	21¾	22¼	+¼
Penwts	10	43	16¼	15¾	16¼	+¼
PeoBnC 1	38	12	55	54½	54¾	+¾
PeopHrt.33e	8	1460	14½	13¾	14¼	+½
PeoWst	7	137	17¾	17⅛	17½	+⅜
PerpSs	6	519	8⅞	8⅝	8⅝	
Petrite 1.12	16	233	22½	22	22	−⅜
Phrmct		383	2⅛	2	2⅛	+⅛
Phrmcl.15e	23	810	17⅞	17½	17⅞	+½
PicSave	12	2586	13⅛	12⅝	13⅛	+1
PicCafe .48	15	32	14¾	14¼	14¼	−⅜
PionHi 1.04	17	686	29	27¼	28¾	+1
PicyMg	20	1717	20⅜	19¾	20	−½
PoughSv.20e	6	250	13⅜	12¾	13¼	+¼
PrecCst .08	14	498	29	28⅛	29	+¼
PresLis .08	12	336	10	9½	9½	−½
PrstnCp .50	27	72	8¾	8¼	8¾	+¼
Priam		893	2	1⅝	1 15-16	+3-
PriceCo	21	1936	31⅝	30¼	31	
PrceTR	10	93	20¼	19¼	19¼	−½
PrinvD .16b	109	197	8⅞	8¼	8¾	
ProtLfe .70	9	47	13	12¾	13	+⅛
PrvLfe .84	6	286	15⅞	15⅝	15⅞	
PgSdBc .80	10	266	18¾	18	18½	
PultzPb .40	25	7	35	35	35	+2
PuritBs .11	20	197	18¾	18	18¾	+½
PyrmT	66	1156	7¼	7	7¼	
QMeds	15	318	4⅞	4½	4⅝	−⅛
QVC		718	7	6⅝	7	+½
Quadrx		27	5¼	4⅞	4⅞	
QuakCh .50	11	178	17	16	16¾	+⅜
Quantm	22	1039	9¾	9	9¾	+¾
Qulksilv	13	110	8¾	8½	8½	−⅛
Quixte		181	6⅞	6⅛	6⅛	−¼
R R						
RPM .84	15	301	18	16½	17¾	+1½
RadSys.05e	16	36	8¾	8½	8¾	+¼
Reeves	15	563	6	5⅞	6	+⅞
RgcyCr	6	855	1¾	1 21-32	1 11-16	+
RgcyEl .20	24	1017	3⅝	3⅜	3⅝	+⅛
Reginas	14	174	13¼	12¾	12¾	−⅜
RegiBc .08e	6	5	12¼	12¼	12¼	−¼
Repign		100	8½	8	8½	
RepAm .24	11	312	14½	14⅛	14½	+¼
ReutrH .98e		1842	52	50	52	+2⅛
Rexon	10	247	5⅞	5⅝	5⅝	+⅛
ReyRy .76	10	394	20½	19½	20	−½
RhonPl		86	26	d25⅞	25⅞	−¼

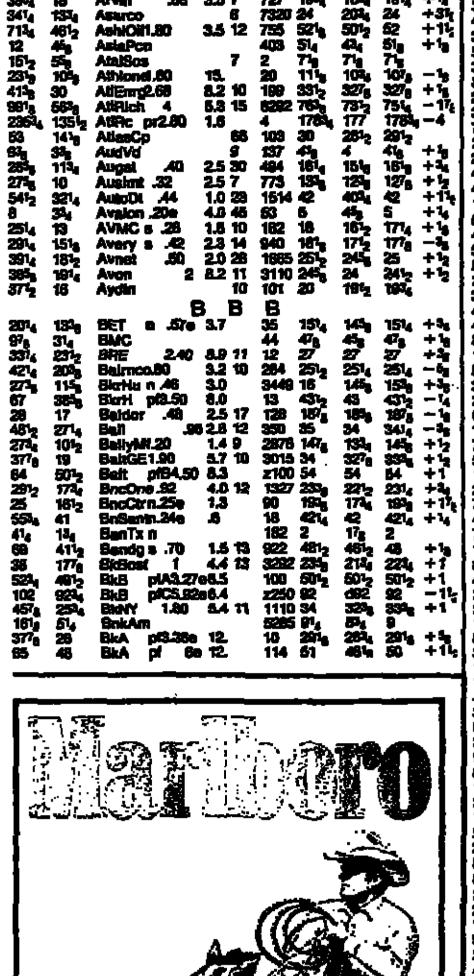
Stock		Sales (Hnds)	High	Low	Last	Chng
Riblim		714	5⅜	4⅞	5¼	+¼
RohmH.05e		289	12¾	12⅜	12⅝	+⅛
RiggsNt1.10	24	134	21¾	21	21¼	+¼
RoadSv1.10	23	2983	32¾	30½	32¾	+2¼
RochCS.06e		238	9⅝	9¼	9¼	
RgrCbA		60	19	18½	18½	−½
RsvltFd		30	9⅛	9⅛	9⅛	
Rospch.15j		99	20	18½	19	−⅜
RossStr		1177	4⅝	4⅛	4⅝	+¼
Rouses .47	59	573	19	18¼	18½	+¼
RoyGld	82	277	6⅛	5⅝	5¾	+¼
Roylprs		1019	5⅛	4¾	5	+⅛
RyanFs	27	1180	8⅝	8	8⅝	+⅜
S S						
SCI Sys	17	892	13	12½	13	+½
SCORU	9	102	7¾	6⅝	7¾	
SEIs	28	504	14	13½	14	+½
SHL Sys		2346	13¾	13⅛	13⅜	−⅜
SKFAB1.47e		170	39½	d39	39¼	−⅞
SPIPh .07		35	8½	7	8½	+1½
Safchls .36e		1852	19	18¼	18⅞	+⅛
Safecds .18j	7	1779	7⅛	6⅞	7	
Safecos .96	8	2940	32	31¾	32	
SageSft	15	105	7⅛	6⅞	7⅛	+⅛
Sahlen	16	391	2 3-16	2⅛	2 3-16	
StJude	13	868	20½	19⅞	20½	+½
StPaulB.05e		149	10⅛	9⅞	9⅞	−⅛
StPauls1.76	8	2108	50¼	49½	50¼	+½
Salick	16	671	9⅛	8¾	9	+⅛
SFFdl	5	14	14¾	14¾	14¾	+¼
Sanfrds	15	30	24¼	24¼	24¼	+¼
Scherer .36	15	595	13¼	12⅞	13¼	+⅜
SchlAs .40a	14	92	32	30½	32	+1½
Scimds	44	157	8	7¼	8	+⅜
SciMic	14	129	5¼	5	5	+⅛
ScotCb		1	22	22	22	
Seagate	5	7814	12⅝	12	12⅜	+⅛
Sealrgt .16	13	84	19¼	18¼	19¼	+½
SearsF	16	482	15½	14½	15	−½
SEEQs	24	361	4⅞	4½	4⅞	+⅝
Selbel .80	6	184	12¾	12	12¼	
Selctins1.08	6	34	21½	21¼	21⅜	+⅛
Sensor .05	16	515	8⅞	8⅝	8⅞	+¼
Sequent		64	11½	11	11⅛	+⅛
SvcMer .06		1278	4	3¾	4	
SvOak .16	13	39	10	9¾	10	
ShrMed .72	12	2022	22¼	20⅝	22¼	+1⅝
Shwmt 2.04	14	248	38	35	38	+2½
Shoney .16	26	1365	22⅞	21¼	22¾	+1⅝
ShonSo	9	157	7¼	6⅞	7⅛	+¼
Shrwds	15	308	10	8¾	10	+1¼
SigmAl .28	22	366	34	33½	33¾	+¼
SigmDs	16	241	13¼	11⅞	13	+1
SlicnGr	25	741	14¼	13	14¼	+1
SiliconS	15	690	7¼	6⅞	7	
SilicVls	21	458	6¾	6½	6¾	+¼
Silicnx	18	1045	5⅞	5½	5¾	+¼
SlvStMn	25	899	1 9-16	1 7-16	1½	−1-1
SimAir	7	146	8	7⅝	7¾	+⅛
Sizler	17	86	13¾	13¼	13¾	+¼
SmithF	10	89	16½	16	16½	+¼
Societys1.20	8	686	28½	28	28½	
SoctySv .36	8	146	14⅝	14¼	14⅝	−¼
SoftwA	13	146	9⅝	8⅞	9⅝	+⅛
SltwPb	10	45	7⅛	6⅞	7	
SonocPs .52	16	214	23¾	22¼	23¾	+1½
Sonora		292	5¾	5¼	5⅝	−¼
SCarNt .56	10	112	21½	21	21½	+¼
Sounet	42	1768	13	12¼	12⅝	−⅛
SouldSv		442	12⅝	11⅞	12⅝	+½
Soutrst .80	7	229	17¼	16⅞	17	−⅛
Sovran 1.44	11	1671	29¾	28½	29¾	+1¼

Stock		Sales (Hnds)	High	Low	Last	Chng
Spartcs		59	6	5½	6	+½
Standy 1.20	10	99	31¾	30	31¾	+2
StdMic		1051	6⅝	5½	6⅛	+½
StdRegs .44	16	390	19¾	19¼	19½	+¼
StrptSv1.43t		50	11	11	11	+½
StaStBs .44	10	1895	22⅛	21¾	22	+¼
StwBcs .80	13	45	21¼	20¾	21	−¼
StewStv	13	92	15½	15	15¼	+¼
Stwinf .76	8	132	14¼	13¼	14¼	+¾
Stratus	28	1045	23¼	22	23	+1
StrwbCl .95	9	36	27	26	27	
Strykrs	21	319	16¾	16¼	16½	+¼
StudLvt		40	61	60⅝	61	+1
Subaru .38	48	1459	7	6⅝	6⅝	−⅛
SuffFin .20	13	247	8	7	7⅝	−⅛
SumitB.72b	12	68	23¼	22⅝	23	−¼
SunGrd	18	311	12¾	12¼	12¾	−¼
SunMic	36	8087	35¾	33½	35	+1⅝
Sunwsts 1a	8	208	27½	26½	27¼	+¼
SymbT	26	333	29	27⅝	29	+¾
Symblic		632	2 1-16	1 15-16	2	
Systio	7	209	7⅝	7½	7⅝	
Systntg	15	210	5⅛	4½	5	
SySoftw		178	10¾	10	10½	+½
Systmt .12	22	102	22	21½	22	+¼
T T						
TBCs	10	273	9⅝	9¼	9⅝	+⅛
TCA .24	46	146	22¾	21¾	22¼	
TCBY	20	525	9⅝	9¼	9½	+¼
TCF	19	1269	8	7⅝	7⅞	+⅛
TMK .20e	8	58	7¾	7½	7½	−¼
TPI En		4790	4⅜	4⅛	4¼	−⅛
TS Inds	19	1932	4⅜	3¾	4⅛	+⅞
TSO	5	395	7⅛	7	7	−⅛
Talman		145	7⅜	7	7⅛	+⅛
Tandon	2	1272	2½	2 5-16	2½	+⅛
TchDtas	15	121	9½	9	9½	+¼
Tekmwd	118	186	8½	8¼	8¼	−⅛
TlcmAs	41	7558	22⅛	20¼	22⅛	+1¾
TICmat		29	48	42¼	48	+4½
Telcrds .24	30	651	31¾	29¾	30½	−1
Telmatc	26	385	7¾	7¼	7½	+½
Telabs	15	399	12¼	11⅝	11⅝	−⅝
Telxon .01e	14	1534	14	13¼	13¾	+¼
Tennant .96	10	51	18½	18	18¼	−¼
Teradta	46	879	9½	9	9¼	+¼
3Com	24	2907	18¼	17¼	17¼	−¼
TokioFs.19t	80	234	70¼	69¼	70¼	+⅝
Topps .17		101	18½	18⅛	18⅝	−⅛
TrnMus	17	65	16¼	15½	15½	
TriStar	18	444	10	9¾	10	+¼
TriadSy	13	55	9⅛	9¼	9¼	
Trimed	†	114	11½	11	11	−½
Tsrtcp 1.28	9	177	25¼	24	25¼	+1¼
20Cntn .32	12	226	18¾	18½	18⅝	+⅛
TycoTy	6	310	9¾	9⅛	9½	+¼
Tysons .04	17	457	16¾	16½	16½	+¼
U U						
USTs .48	11	65	21	20¼	21	
UTL	11	388	8⅛	7¾	7⅞	−⅜
Ungmn	24	1418	8⅝	7¾	8⅛	+⅜
Unitl	9	197	15	14½	14⅞	+⅝
UnPlntr .80	37	178	22½	21¾	22	−¼
UACm .04	165	598	19¾	18¾	19¼	+⅜
UBCol .54t	27	59	16⅞	16⅜	16⅝	−⅛
UHltCr	10	2867	3⅝	3¼	3½	+⅛
UtdSvrs .72	4	126	14	13½	13⅞	−⅛
USBcp .80	8	897	22	21½	21⅞	+⅛
US HltC .16	144	1313	5¾	5⅛	5¾	+¼
US Sur .80	19	468	27	26	27	+⅞
US Trs 1	10	227	31	30½	30⅝	+⅝
UStatn .28	14	58	14½	14	14¼	−½

Stock		Sales (Hnds)	High	Low	Last	Chng
UnTelev	57	18	21	19½	19½	−
UnvFrs.08e	11	172	12½	12¼	12½	
UnvHlt .33e	39	270	4½	4¼	4¼	−⅛
UnvMed.30	9	173	4¼	4⅛	4¼	+1-1
V V						
VBand	15	411	18	16¼	18	+1½
VLI		6959	6	5⅞	5⅞	
VLSI	63	1353	9¼	8⅞	8⅞	−⅛
VM Sftw	17	372	10	9¼	9¾	
VWR .80	8	33	19½	19⅛	19¼	+½
ValidLg	188	685	3⅝	3⅜	3⅝	+⅛
ValNtl 1.44	85	611	31	30⅝	31	+½
VanGld		411	5	4⅝	4⅝	−⅝
Veroxg		138	6	5⅝	6	
Vicorp		347	7	6½	6⅞	+⅜
ViewMs	15	27	5⅝	5½	5½	−½
Viking	16	55	14	13½	13½	
Vipont	65	202	17½	15¾	17	+1⅛
Viratek		368	15½	15	15½	
Volvo 1.24e		398	46	45¼	46	+¼
W W						
WD 40 1.32a	17	84	25	23¾	25	+⅝
WTD	13	268	13	12¼	12¼	−¼
Walbro .40	9	279	19¼	18	18¾	+⅞
WashEnl.28	20	186	16	15½	16	+½
WFSLs .80	6	312	23¾	22	23¼	+¾
WMSBs .40	3	1208	16	15⅝	15⅞	+¼
WatrIGl.44e	9	250	11½	10½	11½	+1⅛
WattsInd.08	13	127	16	14¾	16	+¾
WausP .48	9	73	24¼	23	24	+½
WbstFn.05e		100	8½	8¼	8¼	
Weibldr	9	88	14	13	13	−½
Wellmn		937	20⅝	19	20¾	+1¾
Werner .04e	16	40	14½	13¾	14½	+1
WstAut	19	46	8¾	8	8¾	
WstCap		294	12½	12¼	12½	+⅛
WstFSL.10e	34	225	35¼	34½	35¼	+¾
WnWste	17	26	16¼	14¾	16¼	
WstnPb	13	108	10½	10¼	10½	+⅛
WtTIA	10	169	12	11½	11¾	−¼
Wstmrk		898	15¾	13½	15¼	+1¾
WmorC .60	10	54	17	16⅝	17	
WstwOs	23	480	18	17¼	17¾	+¼
Wetrra	13	836	19⅝	19¼	19⅝	+¼
WhelTch		1260	20	19½	19½	−⅛
Willamt1.08	8	1211	35½	34¼	35½	+⅝
WilAL	10	822	16¼	14¾	15	
WilSFS .05e		134	11¼	10¼	10¾	+⅝
WlmTs .84	10	1525	23	22	22¼	
WilsnF	18	105	7⅝	7⅜	7⅜	
Windmr	11	283	10	6⅝	6⅞	+⅛
WiserO .40	54	38	15	14½	14½	
Wolohn .24	8	57	10⅞	10½	10½	
WCYS .20e		76	10¾	10½	10½	−⅛
WOW		2341	2⅞	2⅝	2⅝	−⅛
Worthg .40	18	519	16¾	16	16⅝	+⅝
Wyman .80		57	15	14½	15	+½
Wyse	14	3466	22	21	21⅞	+⅞
X Y Z						
XOMA		669	13	12½	12¾	+¼
Xicor	118	2413	8⅛	7¾	8⅛	+⅜
Xidex		2427	7¾	7⅜	7½	+⅛
Xylogic	10	547	9¼	8¾	9	+½
Xyvan	26	306	10¼	9⅝	9¾	−¼
YlowFs .62	21	1709	29¼	28⅝	29⅛	+⅜
ZionUt 1.44		1	27	27	27	+⅜
Zondvn		525	9¼	8¾	9	−¼
Zycad		209	3¾	3½	3⅝	−⅛

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25⅝	14¾	AAR s	.36	2.0	19	x1058	18¾	17⅝	18¼	−⅜
32½	17½	AFG s	.16	.6	9	1233	25¼	24⅝	25⅛	−⅛
27	10½	AGS s			14	588	15⅞	15⅜	15¾	+⅛
10½	6¾	AMCA				5	7¼	7⅛	7⅛	−¼
9⅝	3¼	AM Intl			42	984	4¾	4½	4⅝	−⅛
65½	29½	AMR			10	7341	36¼	34¾	35½	+⅝
25	19	ANR pf2.12		10.		2	20¾	20⅝	20¾	+¼
12¼	6⅝	ARX s			7	173	7¼	6⅞	7¼	+⅛
73½	34½	ASA	2a	4.6		1585	43	41	41¾	−3
22⅝	9½	AVX			18	516	14½	13⅞	14⅛	+⅝
67	40	AbtLab	1	2.0	19	5207	50	48¼	49⅝	+⅜
28	15⅝	AbitiBi g				25	17⅛	17	17⅛	−⅛
16¾	9	AcmeC .40		3.6	11	563	11¼	10¼	11⅛	−⅛
10½	6⅝	AcmeE .32b		4.2	26	7	7¾	7⅝	7⅝	−⅛
23¼	16½	AdaEx 3.30e		19.		257	17⅝	17⅛	17⅝	−¼
16½	7¾	AdmM s .24		2.5	7	74	9½	9⅜	9½	
35	14⅛	AdvSys			18	284	27⅞	26¾	27⅞	+1¼
24⅞	9½	AMD				9100	11¼	10⅝	11⅛	+¼
58¾	30½	AMD pf	3	9.4		773	32⅝	32	32	−¼
11⅞	4¾	Adobe				349	5⅝	5	5¼	−¼
20½	15	Adob pf1.84		11.		17	17	16⅞	17	



Continued from Page 49

NYSE COMPOSITE CLOSING PRICES

Continued from Page 48

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22¼	8¼	OdLne s			13	28	10¾	10⅝	10⅝	-⅛
16⅝	9⅜	Oneidas .40		2.9		52	14	13⅝	14	
44	20	ONEOK2.56		10.	18	391	24⅞	24⅛	24½	+⅛
19⅜	6	OpnhCp1.35		16.		370	8⅝	8⅛	8⅝	+¾
12½	5⅜	OrngCo			9	164	7¼	6⅞	7	-⅛
36½	25	OranRk2.22		7.4	10	148	30	29¼	29⅞	+⅛
4	1⅜	Orient			3	22	1⅜	1⅜	1⅜	
31¼	13⅜	OrionC .76		5.1		104	15½	15	15	
28¾	16½	OrionCpf2.12		12.		24	18	17⅝	17⅝	
19⅜	5½	OrionP			72	524	9	8¾	8⅞	+⅛
12⅞	5¼	Orion pr .50		6.9		14	7¼	7¼	7¼	+¼
38	17¼	OutbdM.64		3.2	15	1690	20	18¾	20	+1
28½	15	OvShip .50		2.9	13	118	17¼	17	17½	+⅛
32⅝	6⅞	OwenCn			3	3121	14¼	13½	13⅝	-⅝
18¾	8⅛	OxfdF s .24		2.4	7	97	10¼	10	10	-¼
19	10⅜	Oxford .60		4.3	12	82	11¾	11½	11¾	+⅛
		P Q								
45	25¾	PHH	1.08	3.8	12	283	28½	27½	28½	+½
51	35⅜	PNC	1.68	4.3	10	808	39⅜	37¾	38⅞	+1½
34	29½	PNC pfD				4	32	32	32	+1
63½	27½	PPG s	1.20	3.5	12	2846	34⅜	32½	34	+1
17⅝	13⅛	PacAS 1.54		11.		50	14⅝	14¼	14⅝	+½
27⅝	15	PacGE 1.92		11.	10	5067	18	17¾	18	
61¼	45¾	PacLtg3.48		6.7	12	839	52⅝	50½	51¾	+1¼
17⅜	7½	PacRes10e		1.2	41	158	9⅛	8⅝	8⅝	-⅞
27	18	PacRs pf 2		9.5		23	21⅜	21	21	

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17½	7	WyleL s	.28	2.5	23	641	11	10⅝	11	+⅛
30⅝	14½	Wynns	.80	3.2	15	757	19	17½	18¾	+1¼
		X Y Z								
85	50	Xerox	3	5.1	12	6273	59	56⅝	58½	+2
58¼	52½	Xerox pf5.45		10.		48	54¼	54	54	-¼
31½	18¾	XTRA	.64	2.8	18	26	23⅛	22¾	22⅞	+⅛
33⅞	18⅛	Yorkin			9	304	23	22¼	22⅝	+⅛
7¼	2¼	Zapata				243	3⅜	3¼	3¼	
37	14⅝	Zayre	.40	1.8	6	x4344	22½	21¼	22⅛	+¾
16⅛	8½	Zemex	.40	4.0	6	13	10¼	10	10	-½
33⅝	10	ZenithE				2284	14¼	13⅝	14¼	+⅝
13½	3⅞	ZenLab				1053	4¾	4⅜	4½	-¼
26½	13½	ZeroNtl	.80	4.8	8	166	16¾	16	16⅝	+½
20⅝	11⅝	Zero	.36	2.4	14	174	14⅞	14	14¾	+⅞
30¾	15	Zurnin s	.68	3.2	14	337	22¾	20⅝	21⅜	+¾
10⅝	7⅝	Zweig	.85e	7.6		681	8⅝	8⅜	8½	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 47

FINANCIAL TIMES

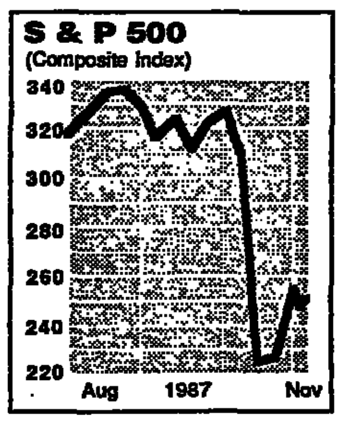
WORLD STOCK MARKETS

Hong Kong stock exchange trading floor

AMERICA

Rate fall primes Dow's recovery

WALL STREET



SPURRED BY falling interest rates, Wall Street stock and bond prices rose strongly yesterday, *writes Roderick Oram in New York.*

Credit markets were bolstered by confirmation from the Reagan Administration that it was driving down interest rates, even at the expense of a lower dollar, to help the domestic economy through the aftermath of the October stock market massacre. Bond prices rose about 1½ points in active trading.

At 2pm the Dow Jones Industrial Average was up 46.75 points at 1,992.04, close to its highs for the session. Broader blue chip stock indices were also ahead but secondary and over-the-counter stocks lagged behind.

Among blue chips, General Motors added $1⅜ to $60⅜, AT&T edged up $¼ to $29⅞, General Electric rose $2½ to $46½, American Express gained $½ to $25¾, Eastman Kodak added $¾ to $51⅜ and Coca-Cola advanced $1⅜ to $41⅜.

Banks were generally ahead in the wake of their prime rate cut to 8.75 per cent from 9 per cent because of lower borrowing costs. Citicorp rose $1 to $41¾, J.P. Morgan added $4⅝ to $36⅝, Manufacturers Hanover was up $½ to $30, Chase Manhattan rose $⅝ to $29⅞ and Security Pacific was up $⅜ to $30, although BankAmerica dipped $⅛ to $8⅞.

Consumer spending remained strong immediately after the stock market crash, as indicated by major retailers' October sales figures released yesterday. However, economists are still concerned that the crash could cause consumers to scale back their purchases which, in turn, could help trigger a recession.

Walmart, with sales up 40 per cent, rose $1⅛ to $28⅞, J.C. Penney, up 9.1 per cent, gained $⅝ to $44⅜, Zayre, ahead 17.3 per cent, put on $¾ to $22⅛, and K-mart rose $1⅛ to $28¾. Sears, Roebuck, the nation's largest retailer gained $½ to $35 ⅝ even though its sales rose only 1 per cent.

In the takeover arena, Telex gained $3⅞ to $57⅞. The manufacturer of computer peripheral equipment said it was considering a restructuring to ward off a takeover bid from Mr Asher Edelman, the New York investor, who yesterday extended his $65 a share offer.

Among other takeover stocks, Santa Fe Southern Pacific slipped $⅝ to $54¾, Singer added $½ to $48¼, Kidde rose $½ to $61¾ and Brockway slipped $⅛ to $49¾.

Texas Air edged up $⅛ to $13⅝. Its Eastern Airlines subsidiary, which was responsible for most of the parent company's heavy third-quarter loss, reported a 5.2 per cent decline in traffic in October.

In contrast, USAir, off $⅜ to $32½, reported an increase in October traffic of nearly 15 per cent.

IBM added $2 to $121½. Mr John Akers, the computer group's chairman, told analysts on Wednesday that he expected revenues to grow next year and, if the economy deteriorated, the company would take further steps to cut its costs.

Other computer makers were also strongly ahead. Digital Equipment gained $3⅝ to $135½, Unisys rose $¾ to $31⅞, Apple advanced $1¾ to $37¾ and Hewlett Packard was up $1¾ to $49¾.

CBS added $1 to $172½. Mr Fred Meyer, chief financial officer of the television and entertainment group, said there was a 70 per cent chance it would sell its CBS Records division to Sony. American Depositary Receipts of the Japanese consumer electronics group rose $¾ to $28⅞.

In the credit markets, bond prices jumped almost a point at the Wall Street opening, building on overnight gains abroad. They rose further during the morning as the worldwide trend towards lower interest rates was reinforced by actions of the Bundesbank and other central banks and, on the domestic front, by banks cutting the US prime rate to 8.75 per cent from 9 per cent.

Three-month Treasury bills were essentially unchanged at a bond equivalent yield of 5.66 per cent, while short-term bank lending rates fell by between 15 and 30 basis points in the wake of the reduction in prime rate.

Credit markets were undisturbed by the steady devaluation of the dollar, following comments from Reagan Administration officials that they wanted the dollar to fall to help stave off a domestic recession.

Market players were fairly optimistic that the third and final leg of the Treasury's quarterly refunding would go well, despite a relatively poor investor response to the first two legs and the dollar's further weakness. Events yesterday buoyed investors' hopes that interest rates would fall further. Moreover, only $4.75bn of 30-year bonds, less than half the normal volume, were offered yesterday by the Treasury because it is bumping up against its congressional borrowing limits.

CANADA

SOME international interest rate cuts heartened operators in Toronto and provided a firmer tone to the still dejected market.

The composite index narrowed its losses after a poor start, encouraged by the cut in US prime rates, but resource stocks remained under pressure.

Among casualties in golds and mines, Lac Minerals fell C$⅝ to C$10¼, Hemlo Gold lost C$1⅛ to C$16¾.

ASIA

Yen's strength saps subdued Tokyo

TOKYO

THE YEN's unabated strength against the dollar and falls on overseas stock markets pulled down share prices almost across the board in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average closed 430.88 lower at 22,629.65 after losing 549 at one stage. Volume shrank to 451m shares from Wednesday's 567m shares. Losses led gains by 790 to 142, with 95 issues unchanged.

The yen rose again in Tokyo, dampening investors' buying enthusiasm. Many appeared to be awaiting price trends in New York and London and the outcome of Thursday's auction of 30-year US Treasury bonds.

Steels declined broadly. Nippon Steel dipped Y9 to Y426 and topped the actives with 38.13m shares changing hands, Kawasaki Steel fell Y4 to Y343, Nippon Kokan Y14 to Y345 and Sumitomo Metal Industries Y12 to Y307.

Large-capital shipbuildings, which fared well the previous day, turned down, with Mitsui Engineering and Shipbuilding shedding Y6 to Y287, Ishikawajima-Harima Heavy Industries Y24 to Y632 and Hitachi Zosen Y7 to Y228. Mitsui was the second busiest issue with 23.55m shares traded.

Tokyo Electric Power, actively sought on Wednesday on the strong yen and lower interest rates, finished Y110 lower at Y6,790.

Among constructions, Taisei Corp. and Ohbayashi Corp. dropped Y10 each to Y1,040 and Y1,100 respectively, while Daiwa House closed Y40 lower at Y1,780.

Foods were depressed by profit-taking, with Nissin Food products losing Y210 to Y5,300 and Ajinomoto Y70 to Y3,430.

Despite the yen's surge, some high-technology stocks turned higher towards the close. Hitachi, with 13.93m shares traded, rose Y20 to Y1,130. Fuji Photo Film gained Y10 to Y1,110 and Sony Y20 to Y3,900. NEC finished Y20 lower at Y1,800 after declining Y40 at one stage.

Investors sold securities houses, fearful of risks involved in their underwriting of BP shares for sale in Japan. Daiwa and Nomura Securities finished Y120 lower at Y2,160 and Y3,470, respectively.

Bond prices firmed, spurred by the strong yen.

In early trading, the yield on the benchmark 5.1 per cent government bond, due in June 1996, fell to 4.445 per cent from 4.560 per cent at Wednesday's close. It rebounded to reach 4.535 per cent, due mainly to anxieties about the planned US Treasury auction and interest rate trends in West Germany.

But the yield on the benchmark issue later fell, mirroring the rising bond futures market, and ended the day at 4.455 per cent.

Osaka Securities Exchange prices continued falling with selling, triggered by the yen's rise, centring on electricals and steels. The OSE stock average finished 476.91 points lower at 23,213.70, on an estimated volume of 73m shares, a rise of 6m from Wednesday.

Murata Manufacturing lost Y100 to Y2,230

SOUTH AFRICAN stocks fell back again under heavy selling, with the composite index losing 7 per cent to 1,682, making a two-day loss of 14 per cent.

Mines continued to be hard hit with Vaal Reefs and Southvaal both off R15 to R275 and R140 respectively. De Beers shed R1.25 to R30, Amgold plunged R25.25 to R264.75 and Rustenburg fell R2 to R27.

Industrials fared a little better with Barlow down 25 cents to R19 and SA Breweries off R1 at R16.50.

HONG KONG

FOREIGN institutional selling hit Hong Kong again and the mood was worsened by the dollar's weakness and losses on the Tokyo, London and New York markets.

The Hang Seng index dropped below 2,000 for the first time since September last year, losing 116.21, or 5.6 per cent, to 1,960.90. Turnover was a low HK$1.1bn.

The Cheung Kong group's HK$10bn rights issue overhung the market, with the rights trading at a premium to the cash price. *Cheung Kong lost 80 cents* to HK$6.15 and its affiliate Hutchison Whampoa fell 15 cents to HK$6.80.

Properties were badly affected, with Hongkong Land down 70 cents to HK$5.85 and New World Development off 50 cents at HK$5.55.

In Hang Seng index futures, the November contract lost 100 more points to 1,910 and December fell 70 to 1,940, with only 450 contracts traded.

AUSTRALIA

THE UNSTEADY Australian dollar and further gloom on overseas *markets depressed* Sydney share prices to a 13-month low. The All Ordinaries fell 39.9, or 3.1 per cent, to 1,250.4.

Golds suffered worst in a broad sell-off, led by Sons of Gwalia's A$1.70 tumble to A$7.50. *Metana fell 90 cents to* A$7.50. Easier commodity prices hit resources, with Peko off another 40 cents at A$5.40.

Bell Resources tumbled 28 cents to A$1.30 as entrepreneurial issues lost favour. Adsteam lost 30 cents to A$5 and Elders *IXL 10 cents to A$10.60. News* Corp dipped 40 cents to A$10.50. FAI Insurances rose against the market by 35 cents to A$5 on news it had sold its stake in UK merchant bank Hill Samuel. Banks eased slightly.

SINGAPORE

THE SHADOW of global markets and the declining dollar continued to darken Singapore trading, with the Straits Times *industrial index shedding* 39.79 to 817.72 in uneventful trading of 41m shares.

The most active stocks were United Overseas Bank, off 24 cents at S$4.74 on 2.9m shares, and DBS Land, down 4 cents at S$1.16 on 1.6m shares.

Malaysian issues caught up with falls in Singapore following Wednesday's holiday in Kuala Lumpur. Malayan Banking lost 18 cents to S$4.10 and Sime Darby fell 5 cents to S$1.95.

EUROPE

Bank moves offset by dollar fall

MOVES TO cut interest rates in West Germany and Switzerland provided little consolation for dejected investors, still preoccupied with the dollar's descent.

All markets ended lower and Swiss, Norwegian and Italian indices fell to lows for the year.

ZURICH dropped to a year's low as selling set in after the dollar slumped to a record low of SFr1.3880.

The Credit Suisse index dipped 15.3 to 443.5 and the general index lost 17.4 to 495.1, also a 1987 low.

In transports, Swissair lost SFr55 to SFr855. In generally depressed banking issues, Swiss Bank Corp was down SFr8 to SFr395.

Engineerings fell, with Saurer off SFr30 to SFr240 and Brown Boveri down SFr60 to SFr2,040.

AMSTERDAM recovered from touching a year's low earlier in the session but still closed down, despite a late rise on signs that West German and Dutch interest rates were about to fall.

The all-share index closed 0.4 down at 65.3 but off lows reached in a response to overnight declines on Wall Street. The weighted ANP-CBS index shed 0.9 to 238.2, but the midsession calculation did not reflect the late upswing in blue chips.

These closed mainly higher, with Royal Dutch adding Fl 3 to Fl 204 and Unilever up Fl 2 at Fl 103.50. Philips was unchanged at Fl 30.50 while KLM fell Fl 2.40 to Fl 29.50 after announcing a drop in second quarter profits.

***PARIS** remained hesitant but* managed to recover some ground after joint Franco-German moves on interest rates. The CAC general index shed 13.8 to 297.1 in moderate volume.

Leading blue chips ended off the day's lows. Elf-Aquitaine was a net FFr8 down at FFr269 from the day's low of FFr260.

Lafarge-Coppee was the only leading quality issue which continued to fall in late trading, finishing down FFr30 at FFr1,135.

BRUSSELS moved lower in calm trading. Share prices fell sharply in early trading but partially recovered through the day. The Brussels cash market index was down 78.51 at 3,766.18.

In mixed holdings, Reserve - the share of Societe Generale de Belgique - ended with a BFr10 gain at BFr2,410, GBL lost BFr70 to BFr2,650 and Sofina declined BFr340 to BFr9,560.

In chemicals, UCB fell BFr400 to BFr7,600 and oil issue Petrofina declined BFr100 to BFr9,400.

OSLO hit a low for the year as the all-share index dropped 16.44 to 275.26. The previous low of 281.27 was set early in January this year.

Volume was very low with only sellers on the floor. Stocks were also hit by lower North Sea oil spot prices which edged below $18 a barrel.

Norsk Hydro lost NKr4.50 to NKr168 and Saga Petroleum sank NKr6.50 to NKr109.

STOCKHOLM picked itself off earlier lows to end 2.1 per cent down on the day after a 3 per cent fall by lunchtime. Foreign investors wound up their sell-off, but steady unloading was still evident from private investors.

The Affaersvaeriden general index shed 14.5 to 682.1.

Dollar-sensitive issues continued to suffer. Volvo shed SKr12 to SKr270 and Saab dropped a further SKr15 to SKr165.

MILAN dropped to a new low for the year as a sharp fall in share prices sent the MIB index down 25 to 700. The previous low of 721 was set on October 29.

Most issues continued to fall in after-hours trading.

Fiat shed L275 to L8,725 or 3 per cent. Earlier, the group announced it was pulling out of a telecommunications venture with Italian state-owned company Stet, off L100 at L2,500.

***MADRID** edged lower in lack*lustre, thin trading. Investors grew more depressed about the outlook for international equities and the modest rise at the opening slowly diminished. The general index slipped 0.65 to 230.97.

HELSINKI slipped lower in slow, quiet trading. The Unitas all-share index lost 1.5 per cent to close at 597.

LONDON

TRADERS in London cautiously lifted their heads above the parapets yesterday as the *moves to lower interest rates* in West Germany and the US suggested a concerted attempt to stop the rot in world markets, *writes Terry Byland in London.*

With UK money markets also signalling that Tuesday's half *point cut in domestic base* rates could soon be followed by another similar reduction, the stock market swung round by more than 60 index points after a weak start. The FT-SE 100 index closed a net 30.7 higher at 1,638.8, in its first positive performance this week.

However, with the US dollar plumbing new lows in Europe, City traders were restrained in their comments on the latest interest rate cuts. "The German move was important," said Mr Tim Congdon of Shearson *Lehman's London office.* "It shows they are moderating their stand against cheap money. But the markets really want some stronger re-assurance about the US dollar."

The British government bond sector was disappointed that the West German authorities stopped short of cutting the discount rate, and bond prices topped off as the locals in the LIFFE trading pits sold bond futures short.

Buying support for the equity rally was held in check by a shortage of cash in the coffers of the big investment institutions. Liquidity ratios at the major funds are believed to be below 2 per cent of portfolio values, compared with an average of around 3½ per cent over the past four years.

One burden was finally lifted from the market yesterday when the Bank of England confirmed its 70p a share support level for the new shares in British Petroleum last week.

The shares, which brushed against the Bank's support level earlier this week, traded comfortably above it yesterday.

Gloom shrouds German exporters

EXPORTING, it would seem, is out of fashion with investors in West German stocks, *writes Andrew Fisher in Frankfurt.*

With the D-Mark irrepressible in its rise against the dollar and many European currencies, the outlook for companies heavily dependent on foreign sales has become a good deal murkier.

After another slight fall yesterday, the German stock market is nearly a third below the level at which it ended 1986. While Germany's bourses had lost their shine for some time after the surge up to April last year, the recent shake-out has been more than enough for many investors, especially those who had piled in from abroad.

Stocks of companies reliant on exports, such as car and machinery makers, have been particularly heavily pounded since October 19. "The market is still vulnerable," said Mr Reinhard Fischer, an analyst with Banque Paribas Capital Markets in London.

The fact that yesterday's interest rate moves by the Bundesbank did not prevent a further fall in the US currency suggests that bourse conditions could worsen rather than recover, he felt.

In the absence of developments to soothe investors' battered nerves, German stocks seem likely to drift at best or be driven down further. Mr Stephen Reitman, motor industry analyst with Phillips and Drew, the UK stockbrokers owned by Schweizerische Bankgesellschaft (US), commented: "The dollar is the only game in town and you have to be very brave to call the floor on this market."

The Commerzbank's indices tell a grim story. Its total market index was yesterday at its lowest for the year at 1,396.6, down 2 per cent from Wednesday and 32 per cent this year. The motor sector index is nearly 40 per cent down, with engineerings losing nearly 30 per cent since December 31. The worsening financial environment has also hit banking (down 37 per cent) and insurances (down by half). Chemicals, with their broad product and geographical base, have suffered less, with a 12 per cent fall.

While the motor industry has benefited from buoyant European markets, its smaller US business has suffered. However, as Mr Reitman points out, companies had been adjusting to tougher US conditions for some time after the unexpectedly strong final quarter of last year.

Most exposed to the US market and the weaker dollar is Porsche, a narrowly traded stock which ended last year at DM1,050 and yesterday closed at DM610. VW, in which the Government has been forced to put off the sale of its minority stake yet again in the depressed market, ended the day at DM262 against DM427 at the turn of the year.

Looking ahead, the car groups have a financial and product resilience which should see them through the worst. Among engineering concerns, though, the mood has turned distinctly more pessimistic. Linde, a favourite with some foreign institutions, closed yesterday at DM500 compared with DM712 at end-1986. Without currency stability, the outlook for this and other sectors remains cloudy at best and stormy at worst.

RESEARCH
The statistical information for this survey was compiled by Dick Whittington, Rupert Arlow and Anne Dullforce. The survey was co-ordinated by Adrian Dicks.

REPRINTS
Reprints of the survey (*price £12*) will be available shortly from the Financial Times Reprints Department, Bracken House, Cannon Street, London EC4P 4BY.

Financial Times TOP 500 1987

CONTENTS

THE FT TOP 500 is a survey of Europe's biggest companies. This is the sixth year in which it has been conducted.

The main list looks at all publicly quoted European companies and ranks the 500 biggest by market capitalisation, taken as an average for the month of June this year and translated into US dollars.

A second list ranks the top 500 companies in the UK stock market, by far the biggest in Europe.

A company's capitalisation is the number of its shares multiplied by the price of its shares, and therefore measures the value of a company in the eyes of investors.

It is chosen as a yardstick because it has a number of advantages over other methods. It is a good guide to performance over time; it gives a proper weighting to banks, whose positions are distorted in lists based on turnover; and it takes proper account of loss-making companies which disappear from lists based on profits.

The stock market varies from one country to another. It is particularly important in the UK, whereas in West Germany the banks play a larger role in corporate finance, and in France and Italy many of the biggest groups are state-owed. To take account of these factors, a separate list is included of the top 100 European concerns, whether publicly or privately owned, ranked by turnover.

The Top 500 tables analyse the key figures on each company included - *turnover*, profits, return on capital employed, and the number of employees.

Other tables list the biggest employers, look at the most profitable stock market sectors, and list the biggest profit increases and decreases. There is also a separate table ranking the top 100 UK investment trusts by market capitalisation.

Privatised faces in an old picture

BY ADRIAN DICKS

TO MANY in the world's financial community, this year's FT Top 500 rankings must resemble one of those school or college group photographs taken in the early summer of 1914.

The companies valued most highly by Europe's investors are there in order, captured last June at the height of their self-confidence and close to the peak of their market capitalisation, their faces betraying no clue to the calamity lying just over the horizon.

That the crash of world stock markets since October 16 has radically changed the financial environment is beyond doubt. Owners of equities have seen a huge proportion of their investments wiped out; borrowers of funds secured against shares have had to scale down their plans; and lenders themselves are heavily exposed.

The more liberal structures that have evolved in virtually all European capital markets in recent years have been placed under great strain, as have many individual securities firms and financial companies. Another immediate, if not necessarily fatal, casualty could well be the evolving international equity market.

Not least, the losses inflicted on millions of new shareholders must have given pause for thought to governments contemplating privatisation of further large state-owned corporations - the single development that has most changed the composition of the FT 500 this year.

Yet the environment for companies outside the financial sector has not changed so obviously for the worse because of the stock markets' plunge, and need not do so unless the industrialised world suffers a severe recession or prolonged turbulence in the foreign exchange markets.

Some of the well-known faces in this year's portrait are new to the rankings. British Gas, Paribas, TSB, St Gobain are only four of the biggest companies in which governments sold off controlling blocks of stock.

Not counting the privatised giants, there were relatively few startling changes at the top of the list: Shell seemed as unassailable as ever in first place; BP leap-frogged British Telecom; while Daimler Benz, despite unaccustomed bad publicity over its top management changes, slid only two places. Glaxo, Unilever, Generali, ICI and Hanson Trust were some of the companies which, for their respective industries, remained the apples of European investors' eyes.

Acquisition accounted for most of those which dropped out of the lists, though some whole sectors such as steelmaking continued their fall from favour. A very few companies, such as Fermenta, the Swedish biotechnology group that soared to 270th place a year ago, went down in the flames of scandal.

Almost by definition, a ranking of European companies based on market capitalisation reflects not only investors' perceptions of corporate performance. It also shows companies' relative success in raising fresh equity finance in an era when the conventional wisdom in most of Europe has been to favour shareholders over lenders as a source of funds.

From the top down, existing public companies in this year's list have taken full advantage of the markets' confidence in them to raise large sums of additional capital through rights issues and - albeit to a lesser extent than in the US - spinning off parts of their business to shareholders as free-standing companies.

The powerful revival of the European stock markets' role as providers of primary capital in such countries as Italy, France, West Germany or Finland has obviously been one of the key factors in their upward climb over the past five years. Yet alternative sources of long-term finance, notably that provided by banks and bond investors, have deeper traditions in many European countries which have by no means disappeared. It should be interesting over the next year to watch whether the appetite of European companies for equity financing is temporarily blunted by this autumn's gyrations or even permanently diminished.

For all the recent havoc, however, enormous momentum has built up behind the process of deregulation and liberalisation of financial markets. The European Community is this month due to consider proposals from the Brussels Commission for the progressive dismantling of remaining controls on foreign exchange and short-term capital movements.

Once the Community can agree on the way forward, and can design appropriate transitional safeguards for its weaker members, it will have moved a long way towards making a full reality of the internal market for goods and services within the next five years.

For some industries, such as pharmaceuticals or commodity chemicals, the market has for long been not even a European but a world-wide one. Acquisitions, disposals, joint ventures and reshuffling of groups of businesses during the 12 months' performance reflected in this year's FT 500 were once again conducted with an eye to competitors in the US and Japan, no less than those in the European home market.

In some other industries, such as electrical engineering, data processing or motor vehiclces, European contenders remain so much smaller on the world scale than their US or Japanese rivals that it seems unlikely that all the present names can survive indefinitely as independent entities; the process of rationalisation appears to have a long way to go.

In a third group of industries, such as telecommunications, defence equipment and even electronics, the protection by governments of national suppliers seems little dented, and may well prove capable in practice of withstanding the Community's loftiest ambitions for many years.

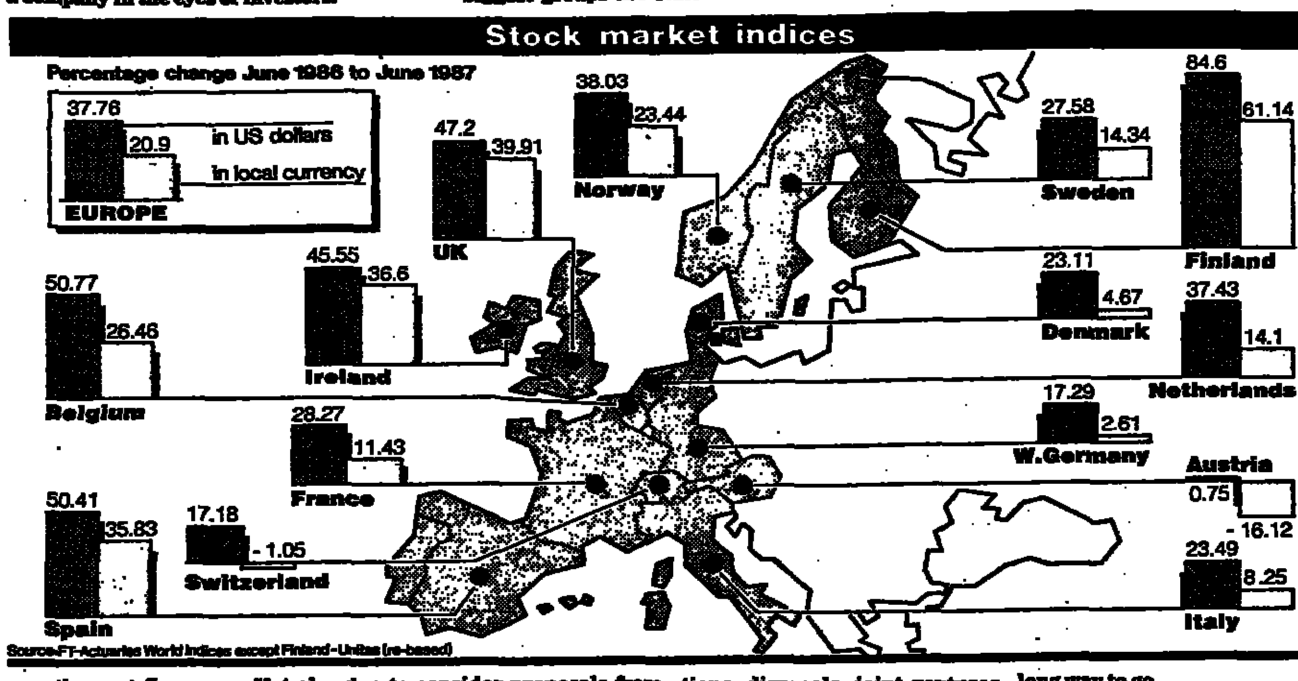
As in earlier years, the process of financial liberalisation by European Community governments led to mergers and acquisitions that stepped far beyond the frontiers of Community countries. Europe's most ambitious merger this year - not yet reflected in the FT 500 - has been that between Asea of Sweden and Brown-Boveri of Switzerland, to create one of the world's half-dozen biggest electrical engineering groups.

As in past years, too, the US has remained by far the most powerful single magnet for acquisitive European companies. The almost total absence of discrimination against foreign bidders for US companies (with the notable exception of defence contractors), the ready access to finance and the appeal of the huge domestic market were all among the factors which continued to draw vast investment westward across the Atlantic.

After several years of rising European stock prices, the mergers and acquisitions business seemed to have taken on a certain maturity. Nearly every country has experienced at least one strongly contested takeover - the battle for Hero in Switzerland, the struggle for Kluwer in the Netherlands, the international scramble for market share in industrial gases in France are just three examples.

Tactics have often been rough by past standards. Family shareholders' loyalties have seemed less certain in the face of dizzy prices on offer from predators. European institutional shareholders have likewise seemed to feel less tied than in the past by historical links with managements and more willing to vote their stock aggressively. Companies in many countries that feel vulnerable to bidders have, for their part, been increasingly building up their defences.

Stock market indices



Source-FT-Actuaries World Indices except Finland - UniTas (re-based)

Europe's biggest employers

Rank	Company	Country	Sector	Top 500 rank	No. of employees
1	Siemens	Ger	5	7	363,000†
2	Philips	Net	5	35	344,200†
3	Unilever plc/NV	NUK	25	6	340,000*
4	Daimler Benz	Ger	9	4	319,965†
5	BAT Industries	UK	48	13	305,360*
6	Volkswagen	Ger	9	43	281,718†
7	British Telcom	UK	47	3	236,461*
8	Fiat	Ita	9	9	230,293†
9	Hoechst	Ger	42	22	181,176†
10	Bayer	Ger	42	17	173,000†
11	Peugeot	Fra	9	58	165,000†
12	Nestle	Swi	25	11	162,078†
13	CGE	Fra	5	131	149,000†
14	Saint Gobain	Fra	43	100	142,351*
15	Royal Dutch/Shell	NUK	51	1	138,000*
16	Grand Metropolitan	UK	22	29	131,493*
17	BASF	Ger	42	24	131,468†
18	Electrolux	Swe	5	87	129,912*
19	Thyssen	Ger	8	159	127,390*
20	British Petroleum	UK	51	2	126,000*
21	General Electric	UK	5	19	122,328*
22	Imperial Chemical Industries	UK	42	10	121,800*
23	Lonrho	UK	91	207	115,621*
24	Mannesmann	Ger	8	150	111,134†
25	Brown Boveri & Company	Swi	4	198	97,500*

* Yearly average. † Year-end total.

500 capitalisation by country

Country	$m	Country	$m
UK	547,154.9	Netherlands	32,922.9
West Germany	193,080.1	Spain	30,767.8
Switzerland	115,106.3	Finland	9,660.8
France	97,653.4	Ireland	4,718.8
Netherlands/UK	80,601.9	Norway	4,307.3
Italy	75,153.8	Denmark	3,431.1
Sweden	52,033.5	Austria	1,633.3
Belgium	34,733.4		

Financial Times TOP 500 1987

$ exchange rates (June averages)

Currency	1987	1986	% change	1985
Austrian Schilling	12.7831	15.6977	22.8	21.5326
Belgian Franc	37.6818	45.6119	21.04	61.698
Danish Kroner	6.8457	8.2734	20.86	10.9914
Finnish Markka	4.4187	5.2778	19.44	6.3639
French Franc	6.0728	7.1185	17.22	9.3372
German Mark	1.8186	2.2241	22.3	3.063
Irish Punt	0.6789	0.7367	8.51	0.9783
Italian Lira	1,315.84	1,531.24	16.37	1,952.75
Netherlands Guilder	2.0482	2.5113	22.61	3.453
Norwegian Kroner	6.7057	7.6037	13.39	8.8172
Spanish Peseta	126.261	142.806	13.1	174.63
Swedish Kroner	6.3393	7.2021	13.61	8.8534
Swiss Franc	1.508	1.8396	21.99	2.5713
UK Sterling	0.6139	0.6628	7.97	0.7805

The basis for the lists

□ Rankings

The rankings of the European and UK Top 500 tables are based on market capitalisation at the end of June 1987. Preference capital has been excluded for this calculation.

Companies that have 70 per cent or more of their equity held by one other concern, or that have only a minimal proportion of their capital openly traded on the stock market, have been excluded from the list.

The capitalisation figures have been obtained from a variety of sources, including Datastream International, local stock exchanges, and the FT World Actuaries Index.

The ranking of companies having the same capitalisation has been determined by reference to their turnover or, where necessary, their profit.

All figures in the European tables are expressed in dollars, using June average exchange rates. All figures in the UK tables are in sterling.

□ Accounts

Consolidated accounts have been used whenever possible. When parent company accounts only have been reported, these figures have been used and annotated.

Turnover is shown net of sales taxes and inter-group sales. A ranking based on the latest year's figure is also given.

Profit is disclosed profit before tax and minority interest. For the UK companies it is also before extraordinary items.

Return on capital employed (ROCE) is based on capital employed at the beginning of the financial year divided by pre-tax profit plus interest. For banks, capital employed = shareholders' funds.

□ UK Investment Trusts

The rankings of the Investment Trust table are based on market capitalisation at the end of June 1987. The shareholders' funds figure is based on the number of shares in issue and the stated net asset value. This table has been compiled with the assistance of Wood Mackenzie.

European top 500 sector codes

Code	Description	Code	Description
2	Building Materials	41	Agencies
3	Contracting	42	Chemicals
4	Electricals	43	Conglomerates
5	Electronics	45	Shipping and Transport
6	Mechanical Engineering	47	Telephone Networks
8	Metals and Metal Forming	48	Miscellaneous
9	Motors	51	Oil and Gas
10	Other Industrial Materials	55	Utilities
22	Brewers and Distillers	62	Banks
25	Food Manufacturing	65	Insurance (Life)
26	Food Retailing	66	Insurance (Composite)
27	Health & Household Products	67	Insurance Brokers
29	Leisure	68	Merchant Banks
31	Packaging and Paper	69	Property
32	Publishing and Printing	70	Other Financial
34	Stores	81	Mining Finance
35	Textiles	91	Overseas Traders

1-50

Ranking 1987	Ranking 1986	Company	Country	Market capital $m	Sector	Ranking	Turnover this year $m	Turnover last year $m	% change	Profit this year $m	Profit last year $m	% change	ROCE	Number of employees	Year end
1	(1)	Royal Dutch/Shell	NUK	61,350.9	51	1	72,008.5	102,775.7	−29.9	9,284.9	15,460.2	−39.9	15.8	138,000	31.12.86
2	(4)	British Petroleum	UK	34,570.8	51	2	44,259.7	66,763.3	−33.7	1,560.5	5,885.3	−73.4	7.0	126,000	31.12.86
3	(3)	British Telecom	UK	27,366.0	47	22	15,351.0	13,661.8	12.3	3,367.0	2,985.8	12.7	22.5	236,461	31.03.87
4	(2)	Daimler Benz	Ger	25,806.4	9	3	36,019.7	28,818.3	24.9	3,190.2	3,311.9	−3.6	24.2	§319,965	31.12.86
5	(8)	Glaxo Holdings	UK	19,894.1	27	148	2,327.4	2,300.2	1.1	996.3	656.3	51.8	59.2	24,728	30.06.86
6	(11)	Unilever plc/NV	NUK	19,251.0	25	5	27,919.9	27,191.7	2.6	1,861.9	1,552.4	19.9	22.8	340,000	31.12.86
7	(5)	Siemens	Ger	18,950.8	5	7	25,856.7	30,032.1	−13.9	1,609.8	2,007.5	−19.8	9.3	§363,000	30.09.86
8	(13)	Generali (Assicurazioni)	Ita	17,615.2	66	—	N/R	N/R	—	304.0	230.3	32.0	N/R	N/A	*31.12.86
9	(12)	Fiat	Ita	17,222.0	9	11	22,295.7	20,596.4	8.2	2,260.4	1,278.3	76.8	25.3	§230,293	31.12.86
10	(14)	Imperial Chemical Indsts.	UK	15,486.1	42	18	16,510.8	17,470.3	−5.4	1,655.0	1,485.6	11.4	20.9	121,800	31.12.86
11	(10)	Nestle	Swi	15,038.3	25	8	25,232.1	28,000.7	−9.8	2,018.6	1,996.7	1.1	22.0	§162,078	31.12.86
12	(7)	Union Bank of Switzerland	Swi	14,681.8	62	—	N/R	N/R	—	753.2	691.9	8.8	Δ14.1	§19,990	31.12.86
13	(16)	BAT Industries	UK	14,660.9	48	6	26,763.3	23,956.7	11.7	2,269.1	1,899.3	19.4	25.3	305,360	31.12.86
14	(—)	British Gas	UK	14,432.6	51	26	12,396.2	12,521.6	−1.0	2,106.2	1,791.8	17.5	18.9	88,469	*31.03.87
15	(6)	Allianz Holding	Ger	12,615.1	66	—	N/R	N/R	—	508.0	433.2	17.2	N/R	§28,321	31.12.86
16	(9)	Deutsche Bank	Ger	12,113.3	62	—	N/R	N/R	—	1,471.2	1,517.0	−3.0	Δ27.8	§50,590	31.12.86
17	(20)	Bayer	Ger	10,992.5	42	10	22,406.6	25,253.7	−11.2	1,814.6	1,729.1	4.9	17.7	§173,000	31.12.86
18	(18)	Marks and Spencer	UK	10,385.7	34	47	6,875.4	6,083.7	13.0	703.9	595.9	18.1	28.7	66,704	31.03.87
19	(17)	General Electric	UK	10,293.9	5	34	8,547.5	8,556.1	−0.1	1,088.8	1,141.2	−4.6	19.6	122,328	31.03.87
20	(23)	Hanson Trust	UK	10,212.7	43	45	7,023.9	4,355.8	61.2	755.8	412.1	83.4	30.1	92,000	30.09.86
21	(15)	Swiss Bank Corporation	Swi	9,852.1	62	—	N/R	N/R	—	622.8	587.5	6.0	Δ12.7	§15,775	31.12.86
22	(24)	Hoechst	Ger	9,007.0	42	13	20,902.9	23,491.6	−11.0	1,765.6	1,735.3	1.7	17.5	§181,176	31.12.86
23	(27)	National Westminster Bank	UK	8,848.5	62	—	N/R	N/R	—	1,646.8	1,309.7	25.7	†41.0	85,321	31.12.86
24	(26)	BASF	Ger	8,729.0	42	9	23,690.2	26,222.9	−9.6	1,444.5	1,671.6	−13.5	15.2	§131,468	31.12.86
25	(19)	BTR	UK	8,660.5	10	48	6,547.0	6,321.2	3.5	822.3	589.3	39.5	28.1	79,400	28.12.86
26	(22)	Credit Suisse	Swi	7,695.5	62	—	N/R	N/R	—	456.1	505.0	−9.6	Δ12.8	§14,060	φ31.12.86
27	(36)	Roche Group	Swi	7,627.9	42	69	5,187.3	5,928.6	−12.5	277.0	301.2	−8.0	6.1	§46,513	*31.12.86
28	(25)	Ciba-Geigy	Swi	7,605.9	42	28	10,580.2	12,082.9	−12.4	769.9	976.1	−21.1	7.9	§82,231	*31.12.86
29	(30)	Grand Metropolitan	UK	7,438.3	22	33	8,619.2	9,104.9	−5.3	628.9	565.7	11.1	15.3	131,493	30.09.86
30	(42)	Sainsbury J.	UK	7,337.5	26	49	6,282.9	5,561.3	12.9	402.2	313.9	28.1	28.6	67,620	21.03.87
31	(41)	Veba	Ger	6,78.2	43	12	22,071.0	26,722.0	−17.4	1,135.7	933.9	21.6	10.0	§69,734	31.12.86
32	(33)	Beecham Group	UK	6,603.4	27	75	4,447.1	4,239.6	4.8	570.8	494.9	15.3	31.9	49,900	31.03.87
33	(29)	Barclays	UK	6,472.7	62	—	N/R	N/R	—	1,457.9	1,368.3	6.5	36.5	†80,300	31.12.86
34	(35)	Prudential Corporation	UK	6,394.5	65	—	N/R	N/R	—	290.1	179.3	61.7	N/R	24,622	¶31.12.86
35	(34)	Philips	Net	6,363.3	5	5	26,870.9	29,316.0	−8.3	980.2	814.9	21.2	8.9	§344,200	31.12.86
36	(32)	Telefonica	Spa	6,363.0	47	84	3,706.7	3,260.6	13.6	571.1	495.7	15.2	9.0	§63,021	31.12.86
37	(31)	Cable & Wireless	UK	6,336.4	47	210	1,487.1	1,477.4	0.6	554.7	480.5	15.4	25.4	25,569	31.03.87
38	(71)	Wellcome	UK	6,219.1	27	198	1,637.7	1,634.8	0.1	204.1	198.2	2.9	20.7	18,764	31.08.86
39	(40)	Elf Aquitaine	Fra	6,024.7	51	14	19,715.3	29,747.6	−33.7	1,838.5	4,157.1	−55.7	26.9	§76,100	31.12.86
40	(21)	Muenchener Rueckversicherungs	Ger	5,912.5	66	—	N/R	N/R	—	91.4	74.0	23.5	N/R	N/A	30.06.86
41	(44)	Zurich Insurance	Swi	5,690.3	66	—	N/R	N/R	—	160.9	146.1	10.1	N/R	§23,792	φ31.12.86
42	(53)	Bayerische Motoren Werke	Ger	5,629.3	9	30	9,430.9	9,940.6	−5.1	583.1	576.7	1.1	18.5	§58,000	31.12.86
43	(28)	Volkswagen	Ger	5,588.9	9	4	29,030.2	28,869.4	0.6	1,063.3	1,423.4	−25.3	12.1	§281,718	31.12.86
44	(46)	Sandoz	Swi	5,544.9	42	59	5,544.4	5,605.4	−1.0	358.8	350.8	2.2	11.5	§42,427	31.12.86
45	(52)	Petrofina	Bel	5,510.4	51	27	11,852.2	17,841.8	−33.5	779.7	1,567.6	−50.2	15.1	§22,000	31.12.86
46	(37)	Great Universal Stores	UK	5,494.4	34	85	3,697.8	3,418.5	8.1	484.9	425.2	14.0	19.1	43,448	31.03.87
47	(60)	RTZ Corporation	UK	5,369.0	81	61	5,447.0	5,046.9	7.9	980.1	1,000.8	−2.0	23.8	82,551	31.12.86
48	(43)	Bass	UK	5,279.2	22	76	4,413.9	3,927.0	12.4	505.6	415.5	21.6	20.7	76,922	30.09.86
49	(73)	Nixdorf Computer	Ger	5,002.0	5	138	2,475.9	2,158.9	14.6	182.9	144.1	26.9	11.2	§25,576	31.12.86
50	(39)	Guinness	UK	4,867.9	22	65	5,297.3	1,935.2	—	578.3	140.1	—	18.9	32,027	*30.09.86

51-100

Ranking 1987	Ranking 1986	Company	Country	Market capital $m	Sector	Ranking	Turnover this year $m	Turnover last year $m	% change	Profit this year $m	Profit last year $m	% change	ROCE	Number of employees	Year end
51	(47)	Allied-Lyons	UK	4,848.6	22	53	5,888.3	5,378.4	9.4	555.3	439.0	26.4	18.4	77,549	07.03.87
52	(49)	Dresdner Bank	Ger	4,776.1	62	—	N/R	N/R	—	573.8	516.2	11.1	Δ18.7	§36,769	31.12.86
53	(54)	Lloyds Bank	UK	4,747.7	62	—	N/R	N/R	—	1,140.3	913.8	24.7	†36.4	71,297	31.12.86
54	(87)	Saab-Scania	Swe	4,694.6	9	58	5,556.1	5,022.6	10.6	524.8	457.9	14.6	23.6	47,407	31.12.86
55	(70)	Land Securities	UK	4,633.0	69	—	N/R	N/R	—	196.4	183.9	6.8	6.7	417	31.03.87
56	(51)	l'Air Liquide	Fra	4,535.7	10	94	3,398.6	3,277.6	3.6	430.3	414.0	3.9	23.0	§25,000	31.12.86
57	(109)	P&O Steam Navigation	UK	4,530.7	45	103	3,180.0	2,654.0	19.8	283.6	204.6	38.6	16.7	35,628	31.12.86
58	(111)	Peugeot	Fra	4,423.5	9	16	17,281.3	16,515.4	4.6	632.8	98.5	542.4	22.6	§165,000	31.12.86
59	(124)	Reed International	UK	4,340.8	32	104	3,177.1	3,145.6	1.0	306.6	223.8	36.9	28.8	34,600	31.03.87
60	(45)	Olivetti	Ita	4,323.1	5	57	5,560.6	4,666.6	19.1	547.5	408.6	33.9	26.0	§58,971	31.12.86
61	(65)	Boots	UK	4,297.4	34	82	3,830.8	3,463.3	10.6	395.5	342.7	15.4	27.5	69,712	31.03.87
62	(81)	Reuters Holdings	UK	4,269.3	41	253	1,011.4	707.1	43.0	211.9	152.5	39.0	57.7	6,099	31.12.86
63	(63)	RAS	Ita	4,217.9	66	—	N/R	N/R	—	47.5	34.5	37.6	N/R	§3,577	31.12.86
64	(59)	Swiss Reinsurance Group	Swi	4,191.7	66	—	N/R	N/R	—	200.9	171.8	16.9	N/R	§13,792	31.12.85
65	(98)	Banco de Santander	Spa	4,187.4	62	—	N/R	N/R	—	268.3	187.5	43.0	Δ26.6	§9,698	31.12.86
66	(83)	Thomson-CSF	Fra	4,162.2	5	54	5,866.7	5,259.2	11.5	446.7	164.3	171.8	29.0	§62,700	31.12.86
67	(50)	Fondiaria (La)	Ita	4,019.4	66	—	N/R	N/R	—	137.2	79.0	73.6	N/R	§3,717	31.12.86
68	(48)	Nationale-Nederlanden	Net	3,968.6	66	—	N/R	N/R	—	417.5	410.3	1.7	N/R	22,481	31.12.86
69	(85)	Tesco Stores (Holdings)	UK	3,920.7	26	55	5,852.7	5,465.5	7.0	286.5	213.7	34.0	25.7	62,652	*28.02.87
70	(55)	Royal Insurance	UK	3,864.0	66	—	N/R	N/R	—	496.5	67.4	636.2	N/R	9,388	31.12.86
71	(61)	Sears	UK	3,838.6	34	80	4,040.2	3,710.5	8.8	356.2	304.3	17.0	19.8	64,628	31.01.87
72	(38)	Volvo	Swe	3,830.4	9	24	13,264.9	13,597.1	−2.4	1,187.8	1,199.2	−0.9	22.6	§73,147	31.12.86
73	(105)	BSN Groupe	Fra	3,781.0	25	60	5,536.7	4,688.9	18.0	379.6	246.2	54.1	22.4	§42,780	31.12.86
74	(95)	BOC Group	UK	3,649.0	42	105	3,167.6	3,096.4	2.3	104.4	279.0	−62.5	7.4	37,677	*30.09.86
75	(62)	RWE	Ger	3,579.7	55	19	15,830.3	15,690.7	1.2	826.2	848.2	−2.5	6.3	§70,287	30.06.86
76	(—)	Paribas	Fra	3,568.1	62	—	N/R	N/R	—	642.4	634.6	1.2	Δ18.6	N/R	31.12.86
77	(67)	Montedison	Ita	3,567.8	42	29	9,753.5	10,739.9	−9.1	487.1	310.1	57.0	18.8	§66,649	31.12.86
78	(101)	Michelin	Fra	3,525.5	9	41	7,628.8	7,680.3	−0.6	423.5	254.2	66.6	19.7	§46,077	31.12.86
79	(79)	ASDA/MFI Group	UK	3,478.4	26	77	4,344.5	4,099.4	5.9	322.8	271.1	15.3	32.9	44,230	02.05.87
80	(169)	Consolidated Gold Fields	UK	3,447.6	81	213	1,455.1	1,550.3	−6.1	180.6	187.2	−3.4	13.3	13,085	30.06.86
81	(—)	TSB Group	UK	3,426.8	62	—	N/R	N/R	—	334.9	275.8	21.4	†25.1	29,956	*20.11.86
82	(90)	Tarmac	UK	3,409.4	2	122	2,799.0	2,502.2	11.8	227.7	220.2	26.1	30.1	25,116	31.12.86
83	(164)	Pilkington Brothers	UK	3,374.0	2	91	3,426.3	2,152.0	59.2	417.0	200.8	107.6	20.9	58,100	31.03.87
84	(78)	Mediobanca	Ita	3,347.5	62	—	N/R	N/R	—	232.9	154.8	50.4	Δ34.2	270	30.06.86
85	(84)	General Accident	UK	3,323.5	66	—	N/R	N/R	—	200.7	43.2	364.9	N/R	9,763	31.12.86
86	(215)	Argyll Group	UK	3,312.6	26	97	3,298.6	2,962.5	11.3	131.3	105.2	24.7	40.3	39,398	28.03.87
87	(68)	Electrolux	Swe	3,283.9	5	36	8,374.7	6,260.6	33.7	428.3	434.1	−1.3	19.8	129,912	31.12.86
88	(92)	Dee Corporation	UK	3,268.0	26	39	7,882.7	6,529.6	20.7	313.1	206.1	51.9	23.5	84,240	*25.04.87
89	(94)	Sun Alliance & London Insur.	UK	3,231.6	66	—	N/R	N/R	—	293.9	61.4	378.5	N/R	12,088	31.12.86
90	(57)	ASEA	Swe	3,227.7	6	44	7,263.2	6,341.2	14.5	474.8	374.0	26.9	16.7	63,124	¶31.12.86
91	(88)	AEG	Ger	3,214.6	5	50	6,169.7	5,962.2	3.4	30.4	25.3	20.1	3.3	78,200	31.12.86
92	(102)	Astra	Swe	3,178.5	27	289	782.3	699.7	11.8	186.9	164.1	13.8	31.3	6,768	31.12.86
93	(100)	Trusthouse Forte	UK	3,170.9	29	141	2,405.1	2,027.2	18.6	221.5	221.1	4.9	13.6	60,800	31.10.86
94	(96)	l'Oreal	Fra	3,160.8	27	113	2,985.4	2,705.5	10.3	248.2	215.2	15.3	26.1	26,700	31.12.86
95	(172)	MEPC	UK	3,145.1	69	—	N/R	N/R	—	95.1	84.1	13.1	6.9	794	30.09.86
96	(82)	Intercom	Bel	3,143.0	55	89	3,482.5	3,746.8	−7.0	420.5	438.5	−4.1	12.2	8,824	*31.12.86
97	(64)	Bayerische Hypo. & Wechsel Bk.	Ger	3,129.4	62	—	N/R	N/R	—	327.1	306.0	6.9	Δ21.9	12,490	31.12.86
98	(136)	Lafarge Coppee	Fra	3,122.3	2	123	2,782.4	3,103.1	−10.3	283.9	194.5	45.9	16.1	20,111	31.12.86
99	(56)	Commerzbank	Ger	3,092.7	62	—	N/R	N/R	—	399.3	362.6	10.1	Δ20.3	25,653	31.12.86
100	(—)	Saint Gobain	Fra	3,089.1	43	25	12,798.8	11,179.1	14.4	558.7	409.6	36.4	17.4	142,951	*31.12.86

101-150

Ranking 1987	Ranking 1986	Company	Country	Market capital $m	Sector	Ranking	Turnover this year $m	Turnover last year $m	% change	Profit this year $m	Profit last year $m	% change	ROCE	Number of employees	Year end
101	(66)	Midi (Cie)	Fra	3,066.8	70	—	N/R	N/R	—	367.2	422.4	−13.0	Δ23.5	N/A	31.12.86
102	(69)	Akzo	Net	3,061.3	42	42	7,623.7	8,793.0	−13.3	683.1	674.0	1.3	18.0	§68,400	31.12.86
103	(123)	Courtaulds	UK	3,046.4	35	86	3,684.5	3,539.2	4.1	327.6	232.9	40.6	27.3	65,400	31.03.87
104	(75)	Alleanza	Ita	3,043.7	65	—	N/R	N/R	—	37.5	30.8	21.7	N/R	N/A	31.12.86
105	(134)	BET	UK	2,976.7	43	133	2,567.8	2,171.4	18.2	256.4	219.3	16.9	27.6	86,978	31.03.87
106	(93)	Coats Viyella	UK	2,942.5	35	174	1,914.0	2,762.5	—	296.0	243.7	—	23.5	70,723	31.12.86
[illegible]															

151-200

Ranking 1987	Ranking 1986	Company	Country	Market capital $m	Sector	Ranking	Turnover this year $m	Turnover last year $m	% change	Profit this year $m	Profit last year $m	% change	ROCE	Number of employees	Year end
[illegible]															
166	(185)	Banco de Vizcaya	SPA	2,022.0	62	—	N/R	N/R	—	257.4	173.9	48.0	Δ34.1	N/A	31.12.86
167	(217)	Ranks Hovis McDougall	UK	1,974.6	25	151	2,303.6	2,140.1	7.6	147.9	115.3	28.2	23.9	34,858	31.12.86
168	(226)	Hillsdown Holdings	UK	1,969.7	25	124	2,773.4	1,849.6	49.9	89.4	54.4	64.3	24.4	27,481	31.12.86
169	(194)	British Printing & Comm Corp	UK	1,951.9	32	294	752.1	431.8	74.1	130.8	41.5	214.9	38.7	12,626	31.12.86
170	(—)	Tractebel	BEL	1,951.6	6	302	685.2	658.5	4.0	185.6	165.0	12.6	14.1	§1,610	*31.12.86
171	(167)	Linde	GER	1,897.2	6	201	1,610.9	1,488.8	8.2	113.1	89.4	26.5	11.5	§19,257	31.12.86
172	(160)	Pharmacia	SWE	1,897.2	42	373	575.1	534.1	7.2	47.5	116.8	−59.3	11.4	§6,059	31.12.86
173	(188)	Rowntree	UK	1,868.4	25	161	2,102.0	1,963.2	7.0	136.8	129.2	5.9	18.3	32,900	*03.01.87
174	(108)	Amro Bank	NET	1,867.9	62	—	N/R	N/R	—	288.1	245.6	17.3	Δ15.1	§23,487	31.12.86
175	(103)	Storehouse	UK	1,864.1	34	182	1,825.4	1,723.1	5.9	210.6	189.1	11.3	24.7	35,604	*04.04.87
176	(198)	Karstadt	GER	1,844.9	34	51	6,123.1	5,923.2	3.3	124.7	42.8	191.3	7.9	§60,144	31.12.86
177	(179)	VEW	GER	1,839.9	55	96	3,308.9	3,458.2	−4.3	238.5	180.3	32.2	4.6	§7,644	31.12.86
178	(155)	Svenska Handelsbanken	SWE	1,833.3	62	—	N/R	N/R	—	540.6	294.5	83.6	Δ36.2	6,163	31.12.86
179	(161)	Generale Banque	BEL	1,831.5	62	—	N/R	N/R	—	228.3	204.6	11.5	Δ21.6	§30,675	31.12.86
180	(125)	Societe Gen. de Surveillance	SWI	1,826.9	43	347	1,059.4	1,005.4	5.4	110.2	100.8	9.3	19.9	§20,100	*31.12.86
181	(156)	Hammerson Property	UK	1,823.6	69	—	N/R	N/R	—	80.3	65.3	22.9	6.9	480	31.12.86
182	(163)	Kaufhof	GER	1,809.0	34	72	4,525.6	4,185.4	8.1	92.2	73.5	25.4	9.7	§44,000	31.12.86
183	(229)	Nokia	FIN	1,786.7	5	126	2,714.3	2,493.0	8.8	165.4	188.8	−12.3	16.2	§28,509	31.12.86
184	(—)	Iniziativa Me.T.A.	ITA	1,786.4	70	155	2,188.4	1,910.1	14.5	47.9	28.0	71.0	10.3	§18,767	31.12.86
185	(143)	Iberduero	SPA	1,782.0	55	217	1,375.7	1,233.9	11.4	191.5	160.0	19.6	9.0	N/A	31.12.86
186	(199)	Schering	GER	1,780.2	42	134	2,563.3	2,802.9	−8.5	154.6	189.1	−18.2	9.0	§23,800	31.12.86
187	(209)	Toro (Assicurazioni)	ITA	1,754.9	66	—	N/R	N/R	—	37.7	30.2	24.8	N/R	1,513	31.12.86
188	(212)	Bunzl	UK	1,751.4	31	190	1,738.9	1,282.9	35.5	105.6	69.6	51.7	29.7	12,899	31.12.86
189	(296)	Inspectorate International	SWI	1,747.6	41	328	406.0	93.0	336.5	28.1	10.1	178.2	19.4	§3,940	31.12.86
190	(129)	Hawker Siddeley Group	UK	1,733.3	6	131	2,619.3	2,593.3	1.0	247.8	261.1	−5.1	14.1	40,500	31.12.86
191	(128)	AMEV	NET	1,728.5	66	—	N/R	N/R	—	211.5	218.6	−3.2	N/R	§10,780	31.12.86
192	(178)	Saatchi & Saatchi	UK	1,714.6	41	93	3,399.6	2,129.7	59.6	114.2	65.8	73.5	76.6	9,774	30.09.86
193	(149)	Sedgwick Group	UK	1,708.9	67	—	N/R	N/R	—	220.7	202.5	9.0	39.1	12,985	31.12.86
194	(157)	Royal Bank of Scotland	UK	1,694.9	62	—	N/R	N/R	—	300.5	270.9	10.9	†26.0	18,105	31.12.86
195	(165)	Electrowatt	SWI	1,689.7	43	—	N/R	N/R	—	39.7	36.7	8.1	6.1	§13,506	*31.06.86
196	(173)	Aegon	NET	1,647.2	66	—	N/R	N/R	—	196.1	186.0	5.4	N/R	8,285	31.12.86
197	(186)	Groupe Bruxelles Lambert	BEL	1,645.1	70	—	N/R	N/R	—	305.9	227.2	34.6	Δ22.9	N/A	31.12.86
198	(204)	Brown Boveri & Company	SWI	1,634.4	4	32	9,168.4	9,201.6	−0.3	141.2	175.1	−19.3	4.6	§97,500	31.12.86
199	(210)	Granada Group	UK	1,630.4	29	218	1,370.6	1,249.9	9.6	150.5	104.9	43.4	23.9	19,263	27.09.86
200	(176)	Pernod Ricard	FRA	1,628.9	22	196	1,649.3	1,402.3	17.6	175.9	141.8	24.0	22.0	10,128	31.12.86

201-250

Ranking 1987	Ranking 1986	Company	Country	Market capital $m	Sector	Ranking	Turnover this year $m	Turnover last year $m	% change	Profit this year $m	Profit last year $m	% change	ROCE	Number of employees	Year end
201	(—)	Kymmene	Fin	1,625.8	31	186	1,803.2	1,905.9	−5.3	174.0	126.4	37.6	16.8	17,746	31.12.86
202	(221)	Baer Holding	Swi	1,612.4	62	—	N/R	N/R	—	40.8	29.7	37.3	Δ22.2	851	31.12.86
203	(—)	Cap Gemini Sogeti	Fra	1,611.7	5	322	478.7	362.5	32.0	52.2	38.4	35.9	56.3	6,858	31.12.86
204	(201)	Burmah Oil	UK	1,586.6	51	159	2,153.4	2,374.8	−4.3	172.5	129.7	33.0	22.3	11,466	31.12.86
[illegible]															

251-300

Ranking 1987	Ranking 1986	Company	Country	Market capital $m	Sector	Ranking	Turnover this year $m	Turnover last year $m	% change	Profit this year $m	Profit last year $m	% change	ROCE	Number of employees	Year end
[illegible]															
290	(292)	Taylor Woodrow	UK	1,099.5	3	231	1,209.2	1,204.4	0.3	93.8	87.5	7.2	12.3	9,046	31.12.86
291	(338)	AG Financiere	Bel	1,096.5	70	—	N/R	N/R	—	83.1	41.1	102.1	Δ75.0	§3,567	31.12.86
292	(199)	Willis Faber	UK	1,093.3	67	—	N/R	N/R	—	121.8	104.4	16.6	48.2	3,548	31.12.86
293	(325)	Pentland Industries	UK	1,086.2	48	300	712.0	318.6	123.4	125.9	48.7	158.5	186.2	1,093	¶31.12.86
294	(219)	Northern Foods	UK	1,076.4	25	154	2,196.1	2,466.2	−10.9	122.5	109.8	11.5	22.3	27,499	*31.03.87
295	(463)	British Land	UK	1,069.7	69	—	N/R	N/R	—	49.0	34.4	42.6	11.7	1,171	31.03.87
296	(274)	Kansallis-Osake-Pankki	Fin	1,068.6	62	—	N/R	N/R	—	143.8	152.1	−5.4	Δ18.1	§8,267	31.12.86
297	(231)	BHF Bank	Ger	1,064.6	62	—	N/R	N/R	—	125.2	93.4	34.0	Δ29.1	§2,208	31.12.86
298	(—)	Calor Group	UK	1,063.5	51	312	577.1	667.4	−13.5	114.5	119.2	−3.9	27.0	3,745	*31.03.87
299	(297)	De La Rue	UK	1,062.7	32	298	723.4	504.8	43.3	90.6	80.5	12.5	24.2	10,838	31.03.87
300	(—)	Saint Louis Groupe	Fra	1,056.0	25	227	870.9	817.9	6.4	36.2	7.8	364.1	17.5	§3,022	31.12.86

FOOTNOTES TO COMPANIES LISTED

‡=ROCE calculated on capital employed at year-end. †=ROCE calculated on shareholders' funds. Δ=ROCE calculated on shareholders' funds after charging interest on loan capital not stated separately. §=Employees at year-end. φ=Parent company accounts. ¶=Previous year's figures adjusted for accounting changes. *=See footnotes.

8 Generali (Assicurazioni), profit is net of tax. 14 British Gas, Stock Exchange listing 12/86. 27 Roche Group, profit is net of tax. 28 Ciba-Geigy, profit is net of tax. 42 Bayerische Motoren Werke, turnover—worldwide consolidation, profit—domestic consolidation. 44 Sandoz, profit is net of tax. 50 Guinness, this year's figures are for 15 months to 31/12/86. 69 Tesco Stores (Holdings), this year's figures are for 53 weeks to 28/2/87. 74 Boc Group, profit is after exceptional charge of $208.5m (nil) for carbon assets write-down. 76 Paribas, Stock Exchange listing 3/87. 81 TSB Group, Stock Exchange listing 9/86. 96 Intercom, Profit is net of tax. 100 Saint Gobain, Stock Exchange listing 12/86. 104 Alleanza (Assicurazioni), profit is net of tax. 106 Coats Viyella, this year's figures are for 13 months to 31/12/86. 116 Smith & Nephew Associates, this year's figures are for 53 weeks to 3/1/87. 125 Rolls-Royce, Stock Exchange listing 5/87. 131 CGE, Compagnie Generale d'Electricite, Stock Exchange listing 5/87. 134 Moet-Hennessy, employees—1985 year-end. 135 SAI, profit is net of tax. 140 Cadbury Schweppes, this year's figures are for 53 weeks. 141 Commercial Union, previous year's profit excludes $96.1m special US claims provision. 144 British Airways, Stock Exchange listing 2/87. 155 Royale Belge Groupe, new group structure incududing full acquisition of IPPA means that this year's and last year's figures are not comparable. 156 United Biscuits, this year's figures are for 53 weeks to 3/1/87. 170 Tractebel, company formed through merger between Tractionel and Electrobel, 1986 figures are based on sum of accounts of the two companies with reservation of reconstruction or original acquisition value. 173 Rowntree, this year's figures are for 53 weeks to 3/1/87. 175 Storehouse, this year's figures are for 53 weeks to 4/4/87. 180 Societe Generale de Surveillance, ROCE based on capital employed after charging interest on loan capital. 195 Electrowatt, latest available accounts, employees—1985 year-end. 215 Ascom, Company formed through merger between Autophon & Hasler Holding, 6/87; accounts are for Autophon for year to 31/12/86; Figures for Hasler are: turnover—$515.7m ($475.4m), profit—$15.2m ($13.1m) for year to 31/12/85. 223 Generale Occidentale, change in scope of consolidation means that this year's and last year's figures are not comparable. 228 Kredietbank, profit is net of tax; ROCE based on net profit after charging interest on loan capital. 243 Adia, ROCE based on capital employed after charging interest on loan capital. 248 Scottish & Newcastle Breweries, this year's figures are for 53 weeks to 3/5/87. 261 T. & N., formerly Turner & Newall. 268 Ultramar, figures are net for discontinued operations. 277 Unerg, profit is net of tax. 280 Perrier, Source, this year's figures are for 15 months to 31/12/86. 282 Bouygues, change in scope of consolidation means that this year's and last year's figures are not comparable.

286 S.G. Warburg Group, Formerly Mercury International. 294 Northern Foods, Figures prepared in accordance with merger accounting principles. ROCE based on capital employed assuming merger with Mayhew Foods effective at beginning of year. 298 Calor Group, Formed through demerger of Imperial Continental Gas Association 4/87. Accounts are pro-forma as if group had existed for the whole accounting period. 301 Havas, Agence, ROCE based on pre-tax after charging interest on loan capital. 304 Creditanstalt-Bankverein, Profit is net of tax. 305 Banque Bruxelles Lambert, Profit is net of tax. 313 Nuevo Banco Ambrosiano, Last year's figures are for 6

Continued on next page

EUROPE

Financial Times TOP 500 1987

301-350

Ranking 1987	1986	Company	Country	Market capital $m	Sector	Ranking	Turnover this year $m	Turnover last year $m	% change	Profit this year $m	Profit last year $m	% change	ROCE	Number of employees	Year end
301	(331)	Havas (Agence)	Fra	1,055.4	29	178	1,860.6	1,639.1	13.5	107.0	32.9	225.2	30.2	7,399	*31.12.86
302	(360)	Dumez	Fra	1,055.2	3	209	1,519.2	1,491.8	1.8	93.5	71.0	31.6	24.6	20,354	31.12.86
303	(349)	Ahold	Net	1,054.7	26	64	5,304.2	5,661.8	−6.3	92.6	78.9	17.3	15.0	52,578	28.12.86
304	(243)	Creditanstalt-Bankverein	Aus	1,053.1	62	—	N/R	N/R	—	38.9	27.7	40.4	Δ6.0	§6,547	*31.12.86
305	(249)	Banque Bruxelles Lambert	Bel	1,048.9	62	—	N/R	N/R	—	79.3	61.8	28.3	Δ12.6	§14,003	*30.09.86
306	(313)	Springer, Axel	Ger	1,046.0	32	212	1,462.7	1,361.1	7.4	127.2	48.5	162.2	31.6	§11,284	31.12.86
307	(238)	Norsk Data	Nor	1,044.5	5	331	384.1	281.6	36.4	70.8	54.3	30.3	28.0	§3,569	31.12.86
308	(250)	Alsthom	Fra	1,040.6	6	81	3,906.2	3,872.3	0.8	64.0	130.2	−50.8	7.4	§46,099	31.12.86
309	(407)	Magnet	UK	1,034.4	2	317	519.1	403.3	28.7	72.0	42.4	70.0	22.7	6,354	31.03.87
310	(—)	Agricola Finanziaria	Ita	1,033.8	43	305	675.0	584.6	15.4	31.7	33.1	−4.2	8.7	§3,300	31.12.86
311	(273)	Metallgesellschaft	Ger	1,031.6	8	62	5,361.8	6,162.7	−13.0	75.5	58.3	29.5	7.7	§21,598	30.09.86
312	(244)	Novo Industri	Den	1,027.6	42	309	615.0	601.5	2.2	115.2	127.3	−9.5	13.8	§11,516	31.12.86
313	(230)	Nuovo Banco Ambrosiano	Ita	1,025.6	62	—	N/R	N/R	—	160.1	59.4	—	Δ20.7	6,870	*31.12.86
314	(337)	Kwik Save Group	UK	1,025.1	26	229	1,242.7	1,134.2	9.5	68.7	58.6	17.2	39.0	6,892	30.08.86
315	(—)	Mountleigh Group	UK	1,024.3	69	—	N/R	N/R	—	54.7	15.0	265.2	34.6	77	30.04.87
316	(227)	Rothschild J. Holdings	UK	1,022.5	70	—	N/R	N/R	—	164.4	131.0	25.5	13.2	495	31.03.87
317	(389)	Inchcape	UK	1,020.0	91	99	3,253.3	2,978.5	9.2	140.3	75.3	86.3	18.2	45,881	31.12.86
318	(438)	Compania Espanola de Pet	Spa	1,019.2	51	121	2,800.6	4,327.5	−35.2	139.7	90.6	54.1	30.7	§4,017	*31.12.86
319	(367)	Cobepa	Bel	1,011.3	70	—	N/R	N/R	—	72.5	41.3	75.5	†21.6	N/A	31.12.86
320	(295)	Booker	UK	1,011.2	25	165	2,057.5	1,935.3	6.3	88.9	75.7	17.4	34.4	13,647	31.12.86
321	(327)	Alcatel (Cie Financiere)	Fra	1,009.1	5	79	4,272.8	3,254.0	31.3	193.0	82.4	134.2	16.3	48,794	*31.12.86
322	(269)	Wolseley	UK	1,008.8	2	234	1,203.9	858.6	40.2	81.9	51.3	59.6	37.5	8,246	31.10.86
323	(329)	Tate & Lyle	UK	1,007.3	25	127	2,680.1	2,649.8	1.1	132.8	124.9	6.2	19.3	12,515	27.09.86
324	(291)	Baloise Insurance Group	Swi	1,001.6	66	—	N/R	N/R	—	23.4	20.8	12.5	N/R	§7,742	*31.12.86
325	(200)	United Breweries	Den	996.6	22	224	1,325.8	1,256.1	5.5	109.3	98.3	11.1	17.4	§14,760	30.09.86
326	(—)	SMH	Swi	978.8	48	232	1,208.2	1,192.3	1.3	54.4	47.7	14.0	13.1	§11,934	*31.12.86
327	(247)	Ferranti	UK	976.7	5	251	1,024.1	970.5	5.5	81.8	66.9	22.1	21.3	22,774	31.03.87
328	(289)	Dowty Group	UK	968.4	6	265	934.2	845.1	10.51	90.7	77.5	17.0	18.2	16,042	31.03.87
329	(—)	Morgan Grenfell	UK	949.7	68	—	N/R	N/R	—	133.9	112.1	19.4	36.0	1,802	31.12.86
330	(401)	GB-Inno-BM	Bel	948.5	34	92	3,401.4	3,274.7	3.8	49.3	35.4	39.2	16.1	§28,000	31.01.87
331	(197)	MAN	Ger	944.4	6	40	7,740.5	8,025.2	−3.5	130.9	349.9	−62.5	3.5	55,999	30.06.86
332	(435)	Waterford Glass	Ire	939.9	2	353	192.7	375.9	−48.7	34.3	27.2	26.1	19.1	3,392	31.12.86
333	(332)	Italgas	Ita	938.6	42	225	1,345.8	1,171.0	14.9	57.8	45.3	27.5	8.1	§7,907	31.12.86
334	(218)	Wurttembergische Feuerv'ch	Ger	936.8	66	—	N/R	N/R	—	40.0	30.3	32.0	N/R	§3,293	31.12.86
335	(—)	United Paper Mills	Fin	936.7	31	244	1,082.0	1,044.2	3.6	91.0	107.8	−15.5	17.3	9,510	31.12.86
336	(357)	Industrivarden	Swe	930.4	43	—	N/R	N/R	—	72.7	64.0	13.5	11.8	N/A	31.12.86
337	(379)	Accor International	Fra	928.7	29	206	1,573.9	1,326.0	18.7	69.5	61.0	13.9	15.5	37,182	31.12.86
338	(279)	Banca della Svizzera Ital	Swi	924.0	62	—	N/R	N/R	—	36.7	33.0	11.2	Δ12.1	§1,406	¶31.12.86
339	(377)	Rinascente (La)	Ita	921.4	34	191	1,726.8	1,569.4	10.0	70.2	50.1	40.1	22.5	§12,927	31.12.86
340	(293)	Club Mediterranee	Fra	919.0	29	257	993.2	985.6	0.7	58.4	55.2	5.8	11.2	§7,547	31.12.86
341	(322)	Delhaize	Bel	911.2	25	73	4,464.1	4,976.1	−10.2	148.5	124.2	19.5	31.6	§32,000	31.12.86
342	(—)	Credit Comm de France	Fra	905.0	62	—	N/R	N/R	—	107.1	105.1	1.9	Δ22.5	§12,504	*31.12.86
343	(427)	Beghin-Say	Fra	903.4	25	187	1,800.2	2,062.8	—	83.3	8.2	—	7.4	§9,070	*31.12.86
344	(—)	Simco Union pour l'Habitation	Fra	896.0	69	—	N/R	N/R	—	36.6	30.6	19.6	N/A	•	31.12.86
345	(395)	Nobel Industries	Swe	895.4	42	183	1,819.6	1,717.6	5.9	57.9	49.8	16.2	19.2	16,256	31.12.86
346	(434)	Johnson Matthey	UK	884.7	8	149	1,989.9	1,889.2	5.3	82.3	49.0	67.7	17.9	7,454	31.03.87
347	(258)	Alusuisse	Swi	882.7	8	83	3,746.0	5,307.0	−29.4	(416.3)	(434.3)	4.1	N/A	25,311	31.12.86
348	(362)	Baden-Wurttembergische Bk	Ger	877.6	62	—	N/R	N/R	—	47.1	45.8	2.8	Δ19.4	§2,011	31.12.86
349	(365)	Legrand	Fra	876.9	4	295	750.4	736.1	1.9	93.4	63.2	47.7	27.1	§11,800	31.12.86
350	(363)	Holmens Bruk	Swe	871.6	31	292	1,013.6	597.6	69.5	69.0	47.6	44.9	21.6	6,510	31.12.86

351-400

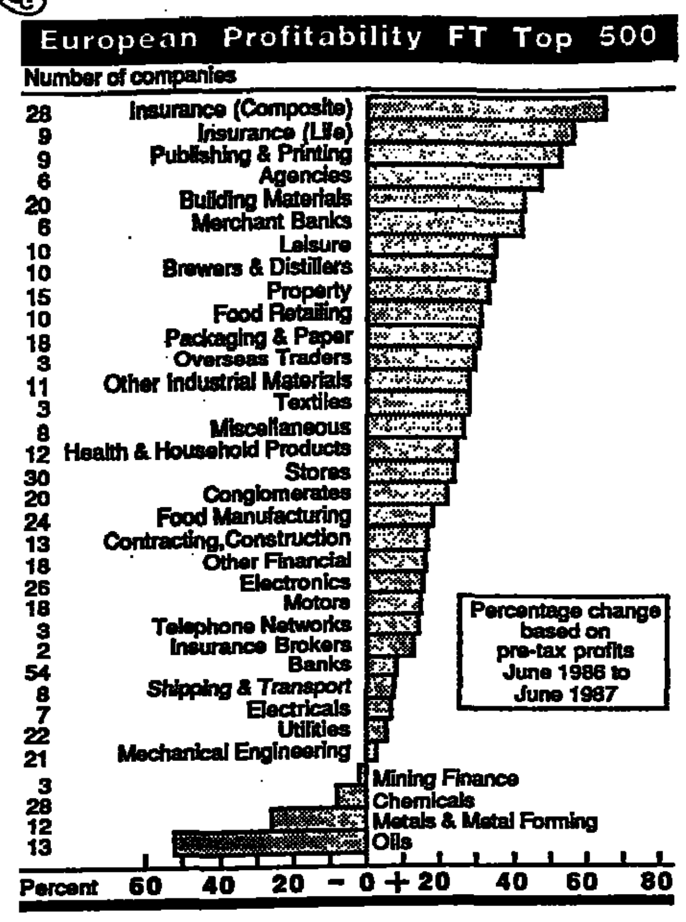
Ranking 1987	1986	Company	Country	Market capital $m	Sector	Ranking	Turnover this year $m	Turnover last year $m	% change	Profit this year $m	Profit last year $m	% change	ROCE	Number of employees	Year end
351	(246)	Kleinwort Benson Lonsdale	UK	871.5	68	—	N/R	N/R	—	128.4	98.2	30.6	N/R	2,402	31.12.86
352	(343)	Institut Merieux	Fra	871.3	27	323	460.2	387.4	18.7	69.6	41.1	69.3	43.3	§4,732	31.12.86
353	(319)	Berliner Kraft und Licht	Ger	868.4	55	226	1,325.6	1,196.6	10.7	111.4	89.4	24.6	3.9	§6,894	¶30.06.86
354	(304)	Darty	Fra	868.2	4	262	955.1	833.7	14.5	77.5	59.1	31.1	†29.4	5,022	28.02.87
355	(321)	Esselte	Swe	866.8	48	189	1,774.7	1,612.5	10.0	124.2	109.4	13.5	20.9	6,053	31.12.86
356	(368)	Glynwed International	UK	861.5	8	291	780.1	756.0	3.1	75.1	58.0	29.4	32.5	11,120	27.12.86
357	(477)	Associated British Ports	UK	857.1	45	348	245.6	225.1	9.1	42.4	28.0	51.1	15.9	6,355	31.12.86
358	(316)	Harris Queensway Group	UK	854.0	34	260	964.7	812.1	—	81.6	60.1	—	43.9	11,239	*25.01.87
359	(327)	Vickers	UK	849.2	6	238	1,126.9	995.6	13.1	88.0	73.5	19.7	22.2	15,871	31.12.86
360	(254)	Landis & Gyr	Swi	846.6	4	248	1,048.0	1,046.2	0.1	44.0	50.5	−12.8	N/A	§16,124	*30.09.86
361	(—)	Asko Deutsche Kaufhaus	Ger	846.0	34	177	1,875.2	918.1	104.2	29.0	22.9	26.6	13.2	†10,965	31.12.86
362	(393)	Bowater Industries	UK	843.3	31	156	2,183.3	2,096.4	4.1	78.2	52.8	48.1	15.0	22,000	31.12.86
363	(348)	BIC	Fra	842.3	48	254	1,011.2	1,012.9	−0.1	137.5	132.5	3.7	31.7	§12,900	31.12.86
364	(334)	Electrocomponents	UK	841.7	5	329	395.8	325.3	21.6	66.0	57.3	15.0	49.2	2,463	31.03.87
365	(366)	Korsnas-Marma	Swe	838.8	31	324	446.8	418.1	6.8	90.6	56.6	60.0	15.1	4,508	31.08.86
366	(426)	Carlton Communications	UK	836.5	41	359	95.0	62.1	53.0	30.6	19.5	56.6	66.7	890	30.09.86
367	(—)	London & Scottish Marine Oil	UK	836.5	51	342	299.4	566.9	−47.1	7.2	192.2	−96.2	6.1	301	31.12.86
368	(312)	Helvetia-Feuer/Unfall	Swi	829.6	66	—	N/R	N/R	—	37.0	33.3	11.1	N/R	§4,213	31.12.86
369	(282)	Heidelberger Zement	Ger	829.2	2	321	481.0	455.4	5.6	87.4	69.3	26.1	18.8	§2,554	31.12.86
370	(—)	Hazlewoods Foods	UK	828.5	25	341	308.2	200.5	53.7	30.3	18.1	67.5	37.2	4,831	31.03.87
371	(339)	Den Danske Bank	Den	823.5	62	—	N/R	N/R	—	20.1	532.1	−96.2	Δ1.7	§6,290	31.12.86
372	(326)	Allied Irish Banks	Ire	822.9	62	—	N/R	N/R	—	150.4	128.1	17.4	30.0	§9,250	31.03.87
373	(311)	Hachette	Fra	820.1	32	175	1,906.0	2,425.4	−21.4	112.2	64.5	73.9	26.9	§14,840	31.12.86
374	(335)	Jelmoli	Swi	819.0	34	266	928.1	907.0	2.3	26.3	25.3	3.9	N/A	§5,048	*31.12.86
375	(382)	Norcros	UK	809.7	10	259	989.1	980.3	0.9	86.7	73.5	17.9	32.6	13,478	31.03.87
376	(413)	Kali-Chemie	Ger	808.3	42	261	957.2	993.1	−3.6	41.1	47.2	−12.9	16.2	§6,802	¶31.12.86
377	(398)	DRG	UK	803.7	31	240	1,108.0	1,018.1	8.8	67.1	50.8	32.0	22.6	14,065	31.12.86
378	(444)	Marley	UK	800.0	2	270	906.7	974.1	−6.9	53.7	40.1	39.0	17.4	11,368	*31.12.86
379	(359)	Dawson International	UK	799.6	35	315	544.7	464.6	17.2	76.1	68.6	10.9	26.7	10,801	31.03.87
380	(436)	Great Portland Estates	UK	793.0	69	—	N/R	N/R	—	34.4	30.5	12.8	7.1	N/A	31.03.87
381	(385)	Essilor	Fra	786.5	27	314	555.7	524.7	5.9	60.2	63.3	−4.9	†24.6	§10,163	31.12.86
382	(262)	Italcable	Ita	785.2	5	335	350.0	294.3	18.9	86.2	63.9	34.9	28.6	§3,375	¶31.12.86
383	(306)	Alfa-Laval	Swe	783.7	6	202	1,602.0	1,584.7	1.0	86.8	104.9	−17.2	13.2	§15,460	31.12.86
384	(346)	Hambros	UK	775.5	68	—	N/R	N/R	—	99.0	70.7	40.0	34.8	4,118	31.03.87
385	(499)	Enso Gutzeit	Fin	772.6	31	200	1,613.4	1,508.3	6.9	74.1	42.0	76.4	11.9	15,776	31.12.86
386	(384)	Hepworth Ceramic Holdings	UK	766.7	2	311	590.3	595.9	−0.9	66.8	54.6	22.3	20.8	7,289	31.12.86
387	(410)	Almanij	Bel	764.4	70	—	N/R	N/R	—	53.4	40.7	31.2	†16.0	N/A	31.05.86
388	(272)	Gist-brocades	Net	763.6	42	275	880.5	903.8	−2.5	73.5	72.5	1.3	12.6	6,295	31.12.86
389	(323)	Porsche	Ger	762.9	9	171	1,961.9	1,746.2	12.3	121.9	185.2	−34.1	26.9	§8,458	31.07.86
390	(468)	Octopus Publishing Group	UK	762.5	32	346	258.3	225.3	14.6	42.4	33.2	27.4	46.5	1,801	31.12.86
391	(328)	Salvesen (Christian)	UK	762.3	25	338	333.6	480.5	−30.5	68.4	63.2	8.2	21.2	5,865	31.03.87
392	(466)	Lundbergforetagen	Swe	761.9	69	—	N/R	N/R	—	131.4	56.6	132.1	9.6	2,854	31.12.86
393	(302)	Costain Group	UK	755.3	3	233	1,204.8	1,311.3	−8.1	104.7	98.7	6.1	19.5	11,817	31.12.86
394	(318)	Nederlandsche Middenstandsbk	Net	754.2	62	—	N/R	N/R	—	120.1	97.6	23.0	Δ12.4	§11,948	31.12.86
395	(309)	Banque Cantonale Vaudoise	Swi	754.0	62	—	N/R	N/R	—	40.8	37.9	7.6	Δ13.1	§1,638	¶31.12.86
396	(443)	Bongrain	Fra	753.9	25	272	901.1	825.9	9.1	65.2	77.7	−16.0	26.9	§5,564	31.12.85
397	(449)	Arjomari	Fra	741.3	31	280	861.6	804.5	7.1	98.8	62.1	59.1	37.8	§4,360	31.12.86
398	(286)	Pohjola Group	Fin	740.9	66	—	N/R	N/R	—	48.5	42.5	14.1	N/R	§3,683	31.12.86
399	(351)	Hill Samuel Group	UK	737.4	68	—	N/R	N/R	—	100.7	(99.8)	200.8	N/R	5,212	*31.03.87
400	(256)	Colonia Versicherung	Ger	735.1	66	—	N/R	N/R	—	39.8	35.5	12.1	N/R	§4,635	¶31.12.86

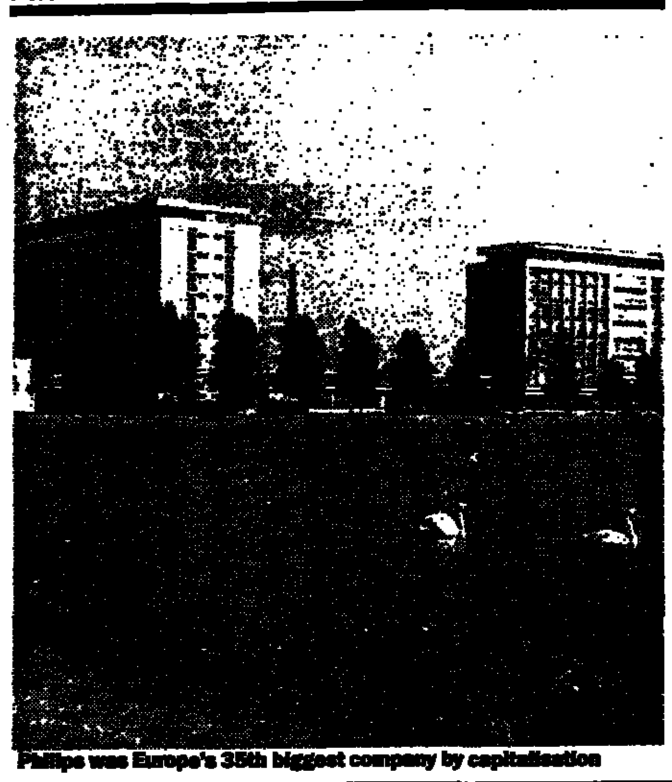
401-450

Ranking 1987	1986	Company	Country	Market capital $m	Sector	Ranking	Turnover this year $m	Turnover last year $m	% change	Profit this year $m	Profit last year $m	% change	ROCE	Number of employees	Year end
401	(375)	Sefimeg	Fra	727.2	3	361	28.1	36.5	4.3	32.7	28.5	14.7	14.7	§200	¶31.12.86
402	(433)	Sofina	Bel	727.3	55	296	726.1	607.8	19.4	23.2	21.9	5.9	8.8	N/A	31.12.86
403	(417)	Steetley	UK	727.2	10	303	682.2	665.7	2.4	75.1	59.9	25.2	21.8	6,265	31.12.86
404	(419)	Delta Group	UK	720.8	6	278	869.2	905.4	−3.9	94.2	82.4	14.2	26.4	15,175	03.01.87
405	(370)	HEW	Ger	718.4	55	219	1,354.2	1,405.0	−3.6	80.8	63.7	26.8	2.0	§5,641	31.12.86
406	(447)	First National Finance	UK	714.0	70	—	N/R	N/R	—	59.3	36.0	64.7	22.0	926	31.10.86
407	(373)	Bank of Ireland	Ire	713.4	62	—	N/R	N/R	—	120.0	119.8	0.1	Δ18.1	§8,775	31.03.87
408	(—)	Avis Europe	UK	709.6	41	332	382.8	320.9	19.2	55.7	41.2	35.1	26.0	3,534	*28.02.87
409	(307)	Union Electrica-Fenosa	Spa	707.7	55	215	1,401.0	1,371.2	2.1	67.0	48.5	38.1	4.4	§6,757	¶31.12.86
410	(428)	Charter Consolidated	UK	707.4	10	285	824.1	923.8	−10.7	68.7	46.9	46.5	12.1	13,960	31.03.87
411	(386)	TI Group	UK	705.8	6	194	1,700.0	1,624.2	4.6	70.7	49.8	41.8	18.0	25,400	31.12.86
412	(446)	Cement-Roadstone Holdings	Ire	702.8	2	283	835.6	780.4	7.0	52.3	40.7	28.5	11.3	7,710	31.12.86
413	(300)	Preussag	Ger	702.3	43	74	4,447.6	6,584.5	−32.4	68.5	68.9	−0.5	5.4	§27,402	31.12.86
414	(—)	Britannia Arrow Holdings	UK	701.7	70	—	N/R	N/R	—	48.1	32.1	49.7	22.5	1,449	31.12.86
415	(345)	Vereins- und Westbank	Ger	701.0	62	—	N/R	N/R	—	75.2	55.4	35.7	Δ24.4	§4,280	31.12.86
416	(341)	Banco Exterior	Spa	700.1	62	—	N/R	N/R	—	84.8	93.4	−9.2	Δ16.0	§13,034	31.12.86
417	(498)	Lahmeyer	Ger	699.2	55	360	87.3	95.5	−8.5	18.3	20.8	−12.0	7.5	§468	¶30.06.86
418	(397)	Gotthard Bank	Swi	698.5	62	—	N/R	N/R	—	30.4	28.2	7.8	Δ11.7	§643	¶31.12.86
419	(358)	Sulzer	Swi	694.6	6	111	3,015.9	3,008.0	0.2	44.4	27.9	59.1	2.6	§31,218	31.12.86
420	(—)	Sommer-Allibert	Fra	693.1	10	364	943.4	887.8	6.2	58.8	32.9	78.7	21.7	§8,540	*31.12.86
421	(—)	Contibel Holdings	UK	691.2	70	362	29.6	31.3	—	39.7	41.9	N/A	N/A	638	*31.12.86
422	(—)	Polly Peck International	UK	688.9	91	325	445.8	334.7	33.1	114.7	99.5	15.2	48.4	3,456	30.08.86
423	(356)	Bekaert	Bel	687.7	8	237	1,159.6	1,191.4	−2.6	84.8	111.4	−23.8	15.4	10,549	31.12.86
424	(—)	Ratners Group	UK	686.6	34	347	257.7	73.0	—	36.7	7.0	—	168.9	3,649	*03.01.87
425	(391)	Gevaert Photo-Producten	Bel	686.1	42	—	N/R	N/R	—	50.2	34.3	46.3	†27.2	N/A	31.12.86
426	(415)	Ward White Group	UK	684.8	34	269	911.5	555.5	64.1	67.3	42.4	58.8	26.6	15,446	31.12.86
427	(369)	BBA Group	UK	683.5	9	334	373.8	901.1	−58.5	43.3	21.3	103.0	31.8	14,878	31.12.86
428	(383)	Union Y El Fenix Espanol	Spa	678.3	66	—	N/R	N/R	—	30.7	27.4	12.0	N/R	N/A	31.12.86
429	(482)	Valeo	Fra	676.4	9	168	2,000.7	1,899.0	5.3	5.5	(0.0)	—	12.6	§27,358	31.12.86
430	(—)	Atlantic Computers	UK	675.8	5	316	521.4	298.3	74.8	36.2	24.3	44.9	36.2	630	31.12.86
431	(344)	Telemecanique	Fra	674.1	5	250	1,041.2	1,030.3	1.0	69.7	56.5	23.3	17.5	§13,713	31.12.86
432	(440)	London International Group	UK	670.5	27	327	410.7	367.0	11.9	44.1	39.3	12.4	32.8	8,218	31.03.87
433	(288)	FAG Kugelfischer	Ger	669.6	6	193	1,713.7	1,683.6	1.7	98.9	110.2	−10.2	11.2	§32,100	31.12.86
434	(—)	Euromarche	Fra	665.7	34	118	2,913.0	2,705.8	7.6	52.2	35.7	46.2	21.1	§13,485	31.12.86
435	(471)	Ocean Transport & Trading	UK	665.6	45	222	1,347.1	1,249.2	7.8	60.6	52.0	16.6	17.7	7,787	31.12.86
436	(423)	Gotabanken	Swe	660.9	62	—	N/R	N/R	—	74.6	76.0	−1.8	Δ77.4	2,574	31.12.86
437	(457)	Rentokil Group	UK	660.0	42	345	271.9	241.6	12.5	51.0	42.4	20.3	47.2	9,184	31.12.86
438	(411)	Lex Service Group	UK	658.7	9	184	1,810.2	1,696.2	6.7	43.3	38.4	12.7	15.0	5,975	27.12.86
439	(—)	MAI	UK	655.3	70	—	N/R	N/R	—	65.2	44.6	46.0	68.4	3,083	30.06.86
440	(—)	Fisher (Albert)	UK	652.9	26	354	189.0	138.3	36.6	13.7	6.2	121.0	†25.4	829	31.08.86
441	(448)	Barratt Developments	UK	652.5	3	297	723.7	877.0	−17.4	41.4	6.7	519.5	10.8	3,500	30.06.86
442	(430)	Globus	Swi	648.0	34	286	809.0	742.8	8.9	19.6	15.5	26.4	7.1	§5,570	*28.02.87
443	(283)	Electra de Viesgo	Spa	646.7	55	352	198.4	202.6	−2.0	26.2	24.5	6.9	4.2	§1,048	*31.12.86
444	(409)	CFAO	Fra	645.5	453	146	2,364.4	2,192.4	7.8	108.3	101.5	6.7	29.6	§20,342	31.12.86
445	(476)	Allied Colloids Group	UK	644.1	42	350	232.6	195.1	19.2	47.6	31.8	49.7	40.4	1,730	29.03.87
446	(—)	APV Baker	UK	643.9	6	304	678.9	666.4	1.8	44.8	24.4	83.3	19.8	8,596	*31.12.86
447	(453)	Wessanen	Net	639.5	25	181	1,838.6	2,073.9	−11.3	51.1	43.1	18.5	14.4	4,319	31.12.86
448	(467)	Meyer International	UK	637.6	2	256	1,008.9	921.0	9.0	73.5	52.3	40.5	22.0	8,808	31.03.87
449	(402)	Freemans	UK	636.7	34	307	660.4	590.6	11.8	52.8	45.6	15.7	28.7	5,581	31.01.87
450	(299)	Atlas Copco	Swe	636.5	6	199	1,692.9	1,587.2	2.8	104.9	146.1	−28.2	16.4	16,498	31.12.86

451-500

Ranking 1987	1986	Company	Country	Market capital $m	Sector	Ranking	Turnover this year $m	Turnover last year $m	% change	Profit this year $m	Profit last year $m	% change	ROCE	Number of employees	Year end
451	(420)	Swedish Match	Swe	633.6	31	192	1,719.0	1,690.7	1.6	165.0	56.6	191.5	24.3	§25,600	31.12.86
452	(406)	Altana	Ger	633.4	42	267	927.4	951.6	−2.5	44.3	41.1	7.7	15.4	§8,357	*31.12.86
453	(364)	Oce-van der Grinten	Net	632.7	48	268	923.5	959.6	−3.7	55.0	51.0	7.8	12.6	11,474	30.11.86
454	(—)	Interdiscount	Swi	632.6	34	349	236.7	194.3	21.8	12.5	10.9	14.6	N/A	925	*31.12.86
455	(485)	Caledonia Investments	UK	630.7	70	—	N/R	N/R	—	16.5	13.7	20.2	2.7	303	31.03.87
456	(445)	Transport Development Group	UK	628.3	45	273	884.8	784.3	12.8	64.2	48.4	32.6	20.4	12,827	31.12.86
457	(—)	Buhrmann-Tetterode	Net	627.5	31	195	1,658.0	1,588.4	4.3	77.0	49.2	56.5	18.4	8,656	31.12.86
458	(454)	Hussel	Ger	626.1	34	299	721.0	649.0	11.0	47.2	44.2	6.7	27.8	§7,725	31.12.86
459	(372)	Matra	Fra	623.1	4	145	2,379.5	2,325.3	2.3	54.7	23.9	128.8	16.6	18,650	31.12.86
460	(—)	Amer-Yhtyma	Fin	622.6	43	306	672.8	561.9	19.7	41.7	29.9	39.4	21.5	§3,325	31.08.86
461	(—)	Carnaud	Fra	621.4	31	243	1,084.3	1,082.4	0.1	49.2	50.5	−2.5	23.7	§9,777	31.12.86
462	(—)	Massa	Ger	616.6	34	197	1,641.9	1,610.8	1.9	50.1	29.9	67.5	32.8	§9,045	31.12.86
463	(400)	Contigas	Ger	615.9	55	356	161.7	158.3	2.1	24.9	28.0	−11.0	7.6	§427	¶30.09.86
464	(324)	Ashley (Laura)	UK	614.4	34	344	278.4	214.2	29.9	36.7	29.3	25.0	30.5	5,749	31.01.87
465	(412)	Cofide	Ita	614.1	43	—	N/R	N/R	—	22.4	7.0	220.0	Δ9.6	N/A	*30.06.87
466	(—)	Williams Holdings	UK	613.3	10	337	335.9	164.4	104.3	37.3	10.3	263.4	20.7	5,640	31.12.86
467	(353)	Sevillana de Electricidad	Spa	613.1	55	235	1,177.5	1,136.7	3.5	46.1	36.5	26.3	8.7	§6,409	31.12.86
468	(472)	Savoy Hotel	UK	611.2	29	358	105.6	97.7	8.0	19.7	17.4	13.0	26.4	24,605	31.12.86
469	(431)	Horten	Ger	610.4	34	227	1,306.7	1,390.7	—	18.8	(39.7)	—	6.1	17,382	*31.12.86
470	(—)	Credit Foncier et Immobilier	Fra	609.6	69	—	N/R	N/R	—	34.2	20.4	67.6	21.2	§62	31.12.86
471	(474)	Rugby Group	UK	608.6	2	319	510.3	410.8	24.2	57.8	35.7	62.1	16.9	4,762	31.12.86
472	(352)	Societe Auxiliere d'Enterprise	Fra	608.3	3	110	3,052.2	2,486.7	22.7	63.1	57.2	10.3	39.3	27,038	31.12.86
473	(421)	Equity & Law Life Assurance Soc	UK	603.5	65	—	N/R	N/R	—	13.2	11.1	19.1	N/R	2,389	31.12.86
474	(—)	Merlin-Gerin	Fra	601.7	5	214	1,436.7	1,229.7	16.8	81.6	78.4	4.0	16.5	§15,865	31.12.86
475	(—)	Wartsila	Fin	601.5	6	216	1,378.4	1,255.1	9.8	150.3	32.6	361.0	14.8	15,623	31.12.86
476	(—)	Daily Mail & General Trust	UK	601.2	70	—	N/R	N/R	—	43.0	40.2	6.8	12.7	12	30.09.86
477	(—)	Wates City of London Props	UK	599.0	69	—	N/R	N/R	—	13.5	6.5	107.5	6.7	19	31.12.86
478	(310)	Klockner-Humboldt-Deutz	Ger	598.4	8	172	1,950.1	2,019.0	−3.4	38.1	78.4	−51.4	4.2	§27,708	31.12.86
479	(462)	Ratos	Swe	596.5	43	—	N/R	N/R	—	58.0	54.9	5.6	21.1	7,099	31.12.86
480	(—)	Boliden	Swe	592.3	8	173	1,943.4	920.3	111.1	(60.0)	33.4	−279.6	0.7	16,076	31.12.86
481	(404)	KNP	Net	592.2	31	292	772.1	789.1	−2.1	91.1	85.4	6.6	20.9	§7,320	31.12.86
482	(396)	Wagon-Lits	Bel	591.4	29	205	1,589.8	1,469.7	8.1	40.0	35.2	13.6	15.3	§38,050	31.12.86
483	(461)	Aar et Tessin	Swi	590.3	55	320	603.6	688.2	−12.2	23.9	20.4	17.1	5.4	N/A	31.03.87
484	(—)	Dragados y Construcciones	Spa	589.8	3	—	N/R	N/R	—	20.0	18.4	8.7	2.0	§32,820	*¶31.12.86
485	(489)	London & Manchester Group	UK	586.4	65	—	N/R	N/R	—	15.3	10.8	42.4	N/R	2,063	*31.12.86
486	(403)	Copenhagen Handelsbank	Den	583.4	62	—	N/R	N/R	—	(114.7)	400.0	−128.6	N/A	§6,613	31.12.86
487	(441)	Printemps (Groupe)	Fra	581.0	34	132	2,617.7	2,642.6	−0.9	48.4	34.4	40.7	15.6	§17,180	31.12.86
488	(432)	Osterreichische Landerbank	Aus	580.2	62	—	N/R	N/R	—	14.2	10.6	33.9	Δ6.1	§3,725	*¶31.12.86
489	(493)	Wilson (Connolly) Holdings	UK	575.0	3	365	188.0	147.1	27.8	42.8	33.1	29.5	30.6	709	31.12.86
490	(497)	Morgan Crucible	UK	574.8	10	330	394.4	344.5	14.4	40.4	30.5	32.6	21.2	7,800	28.12.86
491	(380)	Pirelli & Company	Ita	571.2	70	—	N/R	N/R	—	47.2	20.1	134.8	†35.9	N/A	31.12.86
492	(—)	Hafslund	Nor	563.6	55	333	376.7	289.4	30.1	(15.9)	50.1	−131.7	6.0	§2,692	31.12.86
493	(480)	Wereldhave	Net	563.1	69	—	N/R	N/R	—	33.1	27.3	21.2	8.8	N/A	31.12.86
494	(—)	Mount Charlotte Investments	UK	561.2	29	357	105.7	98.2	7.6	30.3	26.2	15.5	35.8	3,579	28.12.86
495	(470)	Milano (Assicurazioni)	Ita	551.7	66	—	N/R	N/R	—	21.2	14.5	46.2	N/R	§1,571	31.12.86
496	(484)	[illegible]	UK	549.1	42	287	802.9	724.7	10.7	70.0	64.2	9.1	26.1	6,201	31.03.87
497	(—)	Tomkins F. H.	UK	[illegible]	6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
498	[illegible]	Greycoat Group	UK	[illegible]	[illegible]	—	N/R	N/R	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
499	[illegible]	Brown Boveri Mannheim	Ger	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
500	(—)	Cartiere Burgo	Ita	[illegible]	31	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]





Philips was Europe's 35th biggest company by capitalisation

Biggest profit increases

Rank	Company	Cntry	Sector	Top 500 rank	Profit increase %
1	Commercial Union	UK	66	141	59,450.0
2	Guardian Royal Exchange	UK	66	123	4,008.5
3	STC	UK	5	119	1,277.1
4	Royal Insurance	UK	66	70	636.2
5	Peugeot	Fra	9	58	542.4
6	Barratt Developments	UK	3	441	519.5
7	Sun Alliance & Lndn Insurance	UK	66	89	378.5
8	General Accident	UK	66	85	364.9
9	Saint Louis Groupe	Fra	25	300	364.1
10	Wartsila	Fin	6	475	361.0
11	Tomkins F. H.	UK	6	497	306.8
12	Amstrad	UK	5	211	272.7
13	Mountleigh Group	UK	69	315	265.2
14	Williams Holdings	UK	10	466	263.4
15	Havas (Agence)	Fra	29	301	225.2
16	Cofide	Ita	43	465	220.0
17	Cartiere Burgo	Ita	31	500	216.9
18	British Printing & Comm Corp	UK	32	169	214.9
19	Hill Samuel Group	UK	68	399	200.8
20	Swedish Match	Swe	31	451	191.5
21	Karstadt	Ger	34	176	191.3
22	Berisford S & W	UK	25	275	179.8
23	Inspectorate International	Swi	41	189	178.2
24	Thomson-CSF	Fra	5	66	171.8
25	Legal & General Group	UK	65	128	164.1

Biggest profit decreases

Rank	Company	Cntry	Sector	Top 500 rank	Profit decrease %
1	Boliden	Swe	8	480	−279.6
2	Oerlikon-Buhrle	Swi	6	258	−132.1
3	Hafslund	Nor	55	492	−131.7
4	Copenhagen Handelsbank	Den	62	486	−128.6
5	Enterprise Oil	UK	51	237	−97.3
6	London & Scottish Marine Oil	UK	51	367	−96.2
7	Den Danske Bank	Den	62	371	−96.2
8	Norsk Hydro	Nor	42	122	−94.2
9	Britoil	UK	51	139	−82.3
10	British Petroleum	UK	51	2	−73.4
11	Ultramar	UK	51	268	−73.1
12	Total	Fra	51	151	−73.0
13	Snia BPD	Ita	43	255	−72.6
14	BOC Group	UK	42	74	−62.5
15	MAN	Ger	6	331	−62.5
16	Pharmacia	Swe	42	172	−59.3
17	Hufvudstaden	Swe	69	217	−56.4
18	Elf Aquitaine	Fra	51	39	−55.7
19	Klockner-Humboldt-Deutz	Ger	8	478	−51.4
20	Alsthom	Fra	6	308	−50.8
21	Petrofina	Bel	51	45	−50.2
22	Mannesmann	Ger	8	150	−42.3
23	Royal Dutch/Shell	Nuk	51	1	−39.9
24	British & Cmnwlth Holdings	UK	70	127	−34.5
25	Porsche	Ger	9	389	−34.1

Continued from previous page

months to 31/12/85. **318 Compania Espanola de Petroleos**, Employees = 1985 year-end. **324 Baloise Insurance Group**, Profit = group net profit. Employees = 1985 year-end. **326 SMH**, ROCE based on pre-tax profit + net interest. **342 Credit Commercial de France**, Stock Exchange listing 4/87. **343 Beghin-Say**, Change in scope of consolidation means that this year's and last year's figures are not comparable. **344 Simco-Union pour l'Habitation**, Profit is net of tax. **357 Harris Queensway Group**, Previous year's figures are for 13 months to 26/1/86. **360 Landis & Gyr**, Profit is net of tax. **374 Jelmoli**, Profit is net of tax. **378 Marley**, Figures prepared in accordance with merger accounting principles. ROCE based on capital employed assuming merger with Thermalite Holdings effective at beginning of year. **399 Hill Samuel Group**, Profit is before tax and after transfer to contingent banking reserve. **408 Avis Europe**, Stock Exchange listing 11/86. **419 Sulzer**, Profit is net of tax. **420 Sommer-Allibert**, ROCE based on pre-tax profit + net interest. **421 Contibel Holdings**, Formed through de-merger of Imperial Continental Gas Association 4/87. This year's figures are for nine months to 31/12/86. **424 Ratners Group**, This year's figures are for 43 weeks to 31/1/87. **442 Globus**, Profit is net of tax. **446 APV Baker**, Merger of APV Holdings and Baker Perkins 3/87. **452 Altana**, Turnover = worldwide consolidation, profit = domestic consolidation. **454 Interdiscount**, Profit is net of tax. **465 Cofide**, Profit is net of tax. **469 Horten**, This year's figures are for 10 months to 31/12/86. ROCE annualised. **Merlin-Gerin**, ROCE based on pre-tax profit + net interest. **484 Dragados & Manchester Group**, ROCE based on capital employed after charging interest on loan capital. **485 London & Manchester Group**, Profit is net of tax. **488 Osterreichische Landerbank**, Profit is net of tax.

Seaq has helped fund managers take a European view, says **Barry Riley**

Bourses respond to London threat

BIG BANG in terms of UK domestic equities happened a year ago, on October 27, 1986, but another revolution in the London equity market has been taking place, albeit more gradually.

While the domestic market has hogged the headlines, the London market in foreign equities, through Seaq International, has been making rapid progress. This is a parallel market operated through the London Stock Exchange, but not confined to London member firms.

Seaq International has now developed into an active institutional market in leading stocks from many countries. Although figures are none too easy to come by, London is thought to account for a significant proportion of the overall trading in French, German, Dutch and Scandinavian stocks.

It has therefore become considerably easier for fund managers to take a Europe-wide view of their investment opportunities, at least when they are happy to concentrate on high capitalisation stocks. By and large, small company stocks still have to be tracked down in their domestic markets.

Japanese, American and Australian stocks are quite actively traded on Seaq International, but this business is largely done for time zone reasons.

A market in such stocks is being maintained in London for the convenience of European investors while the markets in, for instance, Tokyo or New York are closed. As soon as New York opens, at 2.30pm London time, trading in US equities is switched across the Atlantic. Head on, London cannot compete with the efficiency and liquidity of the New York Stock Exchange in trading US equities.

The logic behind trading European equities in London is quite different. It is that a distinctive, and in some respects better, market can be maintained, suitable for the internationally-oriented institution which can access a screen-based quotation system and deal in a well-developed telephone market.

The institutional nature of Seaq International is shown by the fact that the average transaction size is £120,000, as opposed to just £24,000 in UK domestic equity trading, where private investors are active.

London's international equity market therefore thrives on the basis that it offers firm prices in much larger size than can be obtained in most domestic markets on the continent.

It also has to be said that, in some cases, London gains business through offering a way around stiff transaction taxes in markets like those of Germany and Sweden.

Overall, it is said, London turnover in French stocks represents a seventh of that in Paris; and, while London claims a rather lower proportion of Dutch equity trading than that, it is worth noting that in the cases of the very biggest Dutch stocks, Royal Dutch and Unilever NV, London can generate volume of between 40 and 50 per cent of that in Amsterdam.

Not surprisingly, continental bourses are fighting back against London's threat. Paris is going through its own Big Bang-type restructuring, with broking firms selling out to the major banks. Amsterdam has set up a block trading market for the institutions, and the Germans are trying to integrate their fragmented regional markets. But these measures take time, and London has a head start.

According to a Stock Exchange report, total trading in overseas equities in London typically amounts to £1bn a day, against perhaps £1.5bn in domestic equities. But only about a third of the trading of foreign stocks is at present handled by member firms of the London Stock Exchange.

Of this London business in foreign equities, European stocks accounted for almost half in the first six months of this year. French stocks contributed 14 per cent of total turnover, Germany 13 per cent, other European Community stocks 14 per cent and non-Community stocks, chiefly Scandinavians, another 9 per cent.

Not only are the trading facilities readily available, but research is also becoming better developed. Firms like Savory Milln are now producing research on a Europe-wide scale rather than simply on a national basis.

This will make even greater sense as European companies increasingly merge to take advantage of Community-wide opportunities. This has been happening in electronics and consumer durables, it is starting to happen in financials, and logically it will spread throughout the list.

The risk in the past has been that national markets might diverge from each other, introducing extra risks which fund managers were reluctant to contend with. But the sheer weight of international money is serving to increase the correlations, at least for the bigger markets.

Where this may not apply is in smaller markets. In the third quarter of the year markets such as those in Spain, Portugal and Norway were shooting ahead, but the impact of foreign institutional money can be extreme when local liquidity is thin.

The more adventurous fund managers are persuaded to ride the booms in these smaller markets, but the problem is always how to get out again. No doubt the local investors will be potential buyers but only at much lower prices. For the international investor it is a question of being first in and first out.

These fringe markets may have been lively recently, but the main continental equity markets have generally had a dull time in 1987 so far.

While the Far East markets have mostly been buoyant, the US has been solidly strong and the UK has sparkled, but the continental bourses have struggled. In Germany, for instance, company profits fell in 1986 and are likely to be more or less unchanged in 1987. With the currency strong and the Government still taking a very conservative fiscal stance, the outlook is unexciting.

The French economy has also been subdued, and the equity market has been trading near its low for the year. With privatisation issues overhanging the market, there seems little near-term prospect of a significant recovery.

Italy's stock market has also had a poor year, although it has shown some recovery from its September low. Political uncertainty has held the market back, but underlying corporate earnings growth is good, and share prices could respond positively to an improvement in the political climate.

The general problem for Europe is the impression that it has lost its thirst for growth, at least compared with the Far East.

Is there a global equities market? **Alexander Nicoll** on the implications of Black October

No place like home

UNTIL THE Black October of 1987, the equities markets were becoming global. They may still be. But there is no doubt that the sudden collapse of stock markets around the world, with still unknown effects on the world economy, has dealt a severe blow towards the development of the new marketplace.

In one sense, the collapse demonstrated how global the markets are. Each tended to take its cue from the previous time zone. If Japan was down, the likelihood was that London would open lower. If it did, the likelihood was that Wall Street would do the same. The 33 per cent fall of Hong Kong stocks in a day, after a four-day closure, triggered big falls in other centres, even though the direct effects of Hong Kong's troubles elsewhere were likely to be limited.

One reason for this is clearly the development of telecommunications and information services which make share prices and news available instantly and simultaneously around the world.

Not only do individual markets display kneejerk reactions to the latest news, but they do so to information coming from all countries. Moreover, they tend to show the same kneejerk reaction. This is one reason for the greater magnitude of moves in stock markets now being seen.

The development of a global market, however, means much more than this. Over the past two years, investment banks have poured a considerable amount of capital and energy into internationalising equity markets: encouraging greater distribution and trading of shares outside the home country of the issuer.

There were many reasons for fostering such a market. With stock markets going up around the world, fund managers increasingly - amid tougher competition among themselves - looked outside their home country for profitable investments. The dollar's fall, for example, meant that US investors could make big gains by putting their money abroad.

Investment banks wanted the market partly because it was a natural way for them to expand, and partly because the international bond business was becoming far less profitable. There were far bigger profits to be had in equities, because the fees were larger and because markets were rising confidently.

There were also arguments for issuers. Companies were encouraged to believe that it was in their interests to broaden their shareholder base globally. This would diversify their sources of funding and help them to finance capital investment abroad.

It would also, it was argued somewhat less plausibly, help multinational companies in their marketing efforts by creating greater name recognition around the world.

All of these arguments for a global market may still hold good. It may be that the advance of technology and of global research capabilities has already created a firm enough bedrock for a true international equity market to develop. It is also true that foreign investment in equities existed before the past couple of years and will no doubt continue.

However, the development of more broad-based international market had already encountered huge obstacles.

Most important, these related to the market's infrastructure. Many countries have outdated settlement systems, for example. By some estimates, 40 per cent of international equity trades used to fail because of problems in passing on details from party to party in the process leading towards final settlement. The result is that the transaction costs and delays involved in international dealing can outweigh, or at least severely curtail, the profits that can be made.

Though much was made of securities houses supposedly passing their trading books around the world from time zone to time zone, this does not seem to have happened to any great extent.

In arranging new issues, investment banks have run into the big differences between methods in domestic markets. They have developed contrasting, and fiercely competing, structures for arranging new issues. This has underlined the experimental nature of the market. Differing levels of success in achieving international placement of new issues have also attested to this.

The main criterion for judging this is "flowback". The stated purpose of all the different issuing techniques is designed to avoid shares which are sold outside their country of domicile rapidly flooding back as foreign investors take a quick turn.

There have been a number of cases of this. Japanese investors, for example, have not always been firm holders of foreign shares bought when companies are listed in Tokyo. Conversely, Japanese companies have found their shares flowing back to Tokyo after listings in New York.

For a while, at least, the participants in the international equity market will have time to review their issuing techniques, for there seem unlikely to be many new issues until markets have calmed down. Companies' needs for new capital will in any case be reduced if there is a recession.

After the stock market shock, however, there must be doubts both about investors' long-term willingness to put their money abroad and about companies' desire to issue shares abroad.

The former may feel that they should stick with what they think they know - their home market - and steer clear of volatile foreign markets that they don't know. Issuers may feel that their share price is less secure if there are substantial foreign holdings - particularly if it turns out that foreign investors have been among the first to bale out recently. After October, forecasts about the future development of the market would be rash.

Europe's top hundred by turnover

Ranking This	Ranking Last	Company	Turnover $m	Cntry	Sector	Year end
1	(1)	Royal Dutch/Shell	72,008.5	NUK	51	31.12.86
2	(2)	British Petroleum	44,259.77	UK	51	31.12.86
3	(11)	Daimler-Benz	36,015.7	Ger	9	31.12.86
4	(3)	IRI	35,775.1	Ita	43	31.12.86
5	(10)	Volkswagen	29,030.2	Ger	9	31.12.86
6	(6)	Unilever NV/plc	27,919.9	NUK	25	31.12.86
7	(15)	Deutsche Bundespost	27,296.2	Ger	55	31.12.86
8	(9)	Philips	26,870.9	Net	5	31.12.86
9	(14)	BAT Industries	26,763.3	UKt	48	31.12.86
10	(7)	Siemens	25,856.7	Ger	5	30.09.86
11	(4)	ENI	25,560.3	Ita	51	31.12.86
12	(12)	Nestle	25,232.1	Swi	25	31.12.86
13	(16)	BASF	23,690.2	Ger	42	31.12.86
14	(17)	Bayer	22,406.6	Ger	42	31.12.86
15	(19)	Fiat	22,295.7	Ita	9	31.12.86
16	(13)	Veba	22,071.0	Ger	43	31.12.86
17	(21)	Electricite de France	22,041.0	Fra	55	31.12.86
18	(18)	Hoechst	20,902.9	Ger	42	31.12.86
19	(20)	Renault	20,141.8	Fra	9	31.12.86
20	(5)	Elf Aquitaine	19,715.3	Fra	51	31.12.86
21	(22)	Electricity Council	18,112.1	UK	55	31.03.87
22	(24)	Thyssen	17,594.5	Ger	8	30.09.86
23	(26)	Peugeot	17,281.3	Ger	8	30.09.86
24	(23)	Imp. Chemical Inds.	16,510.8	UK	42	31.12.86
25	(28)	RWE	15,830.3	Ger	55	30.06.86
26	(35)	Berisford S & W	15,793.3	UK	25	30.09.86
27	(8)	Total	15,762.4	Fra	51	31.12.86
28	(29)	British Telecom	15,351.0	UK	47	31.03.87
29	(31)	Deutschen Bundesbahn	14,974.2	Ger	45	31.12.86
30	(32)	INI	13,698.1	Spa	43	31.12.86
31	(39)	CGE	13,322.2	Fra	55	31.12.86
32	(33)	Volvo	13,264.9	Swe	9	31.12.86
33	(30)	OIAG	13,091.1	Aus	11	31.12.86
34	(44)	Saint Gobain	12,798.8	Fra	43	31.12.86
35	(36)	British Gas	12,396.2	UK	51	31.03.87
36	(43)	Bosch, Robert	11,942.5	Ger	5	31.12.86
37	(38)	uhrkole	11,505.1	Ger	55	31.12.86
38	(27)	Gasunie (Nederlandse)	11,478.5	Net	51	31.12.86
39	(41)	Ciba-Geigy	10,580.2	Swi	42	31.12.86
40	(45)	Thomson	10,316.5	Fra	5	31.12.86
41	(46)	Montedison	9,753.5	Ita	42	31.12.86
42	(50)	BMW	9,630.9	Ger	9	31.12.86
43	(49)	Mannesmann	9,476.6	Ger	8	31.12.86
44	(25)	Petrofina	9,304.0	Bel	51	31.12.86
45	(63)	Ford Werke	9,172.8	Ger	9	31.12.86
46	(57)	Brown Boveri & Co.	9,168.4	Swi	4	31.12.86
47	(34)	INH	9,052.4	Spa	51	31.12.86
48	(79)	Electrolux	8,734.7	Swe	5	31.12.86
49	(48)	Krupp (Fried)	8,713.7	Ger	8	31.12.86
50	(42)	DSM	8,647.6	Net	42	31.12.86
51	(47)	Grand Metropolitan	8,619.2	UK	22	30.09.86
52	(53)	General Electric	8,547.5	UK	5	31.03.87
53	(67)	Carrefour	8,475.8	Fra	34	31.12.86
54	(37)	Esso AG	8,438.9	Ger	51	31.12.86
55	(80)	Electrolux	8,374.7	Swe	39	31.12.86
56	(55)	Gaz de France	8,202.1	Fra	51	31.12.86
57	(61)	Opel, Adam	8,158.8	Ger	9	31.12.86
58	(78)	Norsk Hydro	8,090.1	Nor	42	31.12.86
59	(73)	Dalgety	7,998.4	UK	25	30.06.86
60	(—)	Dee Corporation	7,881.7	UK	26	25.04.87
61	(69)	MAN	7,740.5	Ger	6	30.06.86
62	(62)	Michelin	7,628.8	Fra	9	31.12.86
63	(58)	Akzo	7,623.7	Net	42	31.12.86
64	(56)	Ruhrgas	7,559.0	Ger	51	31.12.86
65	(51)	British Coal	7,354.6	UK	55	29.03.87
66	(66)	Generale des Eaux	7,283.5	Fra	55	31.12.85
67	(77)	ASEA	7,261.2	Swe	6	31.12.86
68	(60)	SNCF	7,190.7	Fra	34	31.12.86
69	(72)	Migros	7,128.4	Swi	34	31.12.86
70	(68)	Ford Motor Company	7,124.9	UK	9	31.12.86
71	(—)	Hanson Trust	7,023.9	UK	43	30.09.86
72	(—)	Bouygues	6,905.8	Fra	3	31.12.86
73	(76)	Marks and Spencer	6,875.4	UK	34	31.03.87
74	(59)	Sacilor	6,849.5	Fra	8	31.12.86
75	(65)	Statoil	6,815.4	Nor	51	31.12.86
76	(70)	IBM Deutscheland	6,611.3	Ger	5	31.12.86
77	(71)	BTR	6,547.0	UK	10	31.12.86
78	(86)	Sainsbury (J.)	6,282.9	UK	26	31.03.87
79	(95)	AEG	6,169.7	Ger	5	31.12.86
80	(96)	Karstadt	6,123.1	Ger	34	31.12.86
81	(83)	IBM France	6,031.2	Fra	5	31.12.86
82	(84)	Degussa	5,978.2	Ger	42	30.09.86
83	(93)	Allied-Lyons	5,888.3	UK	22	07.03.87
84	(89)	Tesco Stores	5,852.7	UK	34	28.02.87
85	(40)	Esso UK	5,776.5	UK	51	31.12.86
86	(94)	Solvay et Cie	5,740.5	Bel	42	31.12.86
87	(74)	Haniel	5,728.0	Ger	43	31.12.86
88	(—)	Deutsche Lufthansa	5,710.2	Ger	45	31.12.86
89	(64)	Neste Group	5,709.9	Fin	51	31.12.86
90	(90)	Pechiney	5,708.5	Fra	8	31.12.86
91	(—)	Thomson-CSF	5,666.7	Fra	5	31.12.86
92	(97)	Post Office	5,657.8	UK	55	01.04.87
93	(75)	British Steel	5,637.7	UK	8	31.03.87
94	(—)	Coop (Schweiz)	5,594.2	Swi	34	31.12.86
95	(—)	Aerospatiale	5,573.1	Fra	6	31.12.86
96	(—)	Olivetti	5,560.6	Ita	5	31.12.86
97	(85)	Rover Group	5,557.9	UK	9	31.12.86
98	(—)	Saab-Scania	5,556.1	Swe	9	31.12.86
99	(—)	Co-op AG	5,553.7	Ger	34	31.12.86
100	(—)	Gallaher	5,546.5	UK	27	31.12.86

Departures from the List

Company	Country	Last rank	Sector
Lech-Electrizitatswerke	Ger	(500)	55
Laird Group	UK	(497)	6
Foseco Minsep	UK	(496)	42
Privatbanken	Den	(495)	62
Bejam Group	UK	(494)	26
Den Norske Creditbank	Nor	(492)	62
Finextel	Fra	(491)	70
Northern Engineering Industries	UK	(490)	6
Perstorp	Swe	(487)	42
Forbo	Swi	(488)	10
Babcock International	UK	(486)	6
Greenall Whitley & Company	UK	(483)	22
Mercantile House Holdings	UK	(481)	70
U.I.S.	Fra	(479)	69
Rutgerswerke	Ger	(478)	42
Lindt & Sprungli	Swi	(475)	25
Guinness Peat Group	UK	(473)	68
Schroders	UK	(469)	68
Kolnische Ruckversicherung	Ger	(464)	66
Dortmunder Union-Schultheiss B	Ger	(460)	22
Laing (John)	UK	(458)	3
VG Instruments	UK	(455)	5
Bowthorpe Holdings	UK	(452)	5
Oxford Instruments Group	UK	(451)	5
Provinsbanken	Den	(450)	62
Mowlem (John)	UK	(442)	3
PWA	Ger	(437)	31
Bail Investissement	Fra	(425)	69
Harpener	Ger	(424)	43
Rheinmetall	Ger	(423)	8
Holzmann Philip	Ger	(416)	3
Veuve Clicquot	Fra	(399)	22
Mapfre Grupo Asegurador	Spa	(392)	66
FECSA	Spa	(390)	55
KKB Bank	Ger	(388)	62
Industriekreditbank	Ger	(381)	62
Papyrus	Swe	(367)	31
Hoesch	Ger	(361)	8
Saba JS	Swe	(354)	34
Saipem	Ita	(350)	51
Cindu — Key & Kramer	Net	(340)	43
Centrale Suiker	Net	(301)	25
Union Credit pour le Batiment	Fra	(287)	70
Fermenta	Swe	(270)	42
Hoogovens	Net	(242)	8
Nordwestdeutsche Kraftwerke	Ger	(187)	55
Imp Continental Gas Association	UK	(251)	51
Exco International	UK	(261)	70
Electrobel	Bel	(314)	3
Tractionel	Bel	(371)	6
European Ferries	UK	(418)	45
Grattan	UK	(422)	34
Finnish Sugar Company	Fin	(456)	25
AE	UK	(465)	6

Companies new to the List

Company	Country	This year	Sector
British Gas	NK	14	51
Paribas	Fra	76	62
TSB Group	UK	81	62
St. Gobain	Fra	100	43
Rolls-Royce	UK	125	6
CGE	Fra	131	5
British Airways	UK	144	45
Tractebel	Bel	170	6
Iniziativa Meta	Ita	184	70
Kymmene	Fin	201	31
Cap Gemini Sogeti	Fra	203	5
Ascom	Swi	215	5
Louis Vuitton	Fra	252	34
Calor Group	UK	298	51
St. Louis-Bouchon	Fra	300	25
Agricola Finanziaria	Ita	310	43
Mountleigh Group	UK	315	69
SMH	Swi	326	48
Morgan Grenfell	UK	329	68
United Paper Mills	Fin	335	31
Credit Commercial de France	Fra	342	62
Simco Union pour l'Habitation	Fra	344	69
Asko Deutsche Kaufhaus	Ger	361	34
London & Scottish Marine Oil	UK	367	51
Hazlewood Foods	UK	370	25
Avis Europe	UK	408	41
Britannia Aarrow Holdings	UK	414	70
Sommer-Allibert	Fra	420	10
Contibel Holdings	UK	421	70
Polly Peck International	UK	422	91
Ratners (Jewellers)	UK	424	34
Atlantic Computers	UK	430	5
Euromarche	Fra	434	34
MAI	UK	439	70
Fisher (Albert)	UK	440	26
APV Baker	UK	446	6
Interdiscount	Swi	454	34
Buhrmann-Tetterode	Net	457	31
Amer-Yhtyma	Fin	460	43
Carnoud	Fra	461	31
Massa	Ger	462	34
Williams Holdings	UK	466	10
Credit Foncier et Immobilier	Fra	470	69
Merlin-Gerin	Fra	474	5
Wartsila	Fin	475	6
Daily Mail & General Trust	UK	476	70
Wates City of London Properties	UK	477	69
Boliden	Swe	480	8
Dragados Y Construcciones	Spa	484	3
Hafslund	Nor	492	55
Mount Charlotte Investments	UK	494	29
Tomkins F. H.	UK	497	6
Greycoat Group	UK	498	69
Cartier Burgo	Ita	500	31

A-Z list of European Top 500

COMPANY	RANK	COMPANY	RANK	COMPANY	RANK	COMPANY	RANK	COMPANY	RANK	COMPANY	RANK
Aachener Munchener	262	Beiersdorf	263	Daily Mail & Gen Tst	476	Heidelberger Zement	369	Pirelli & Company	491	Springer, Axel	306
Aar et Tessin	483	Bekaert	423	Daimler Benz	4	Heineken	153	Pirelli Internationale	289	Standard Chartered	161
Abbey Life	257	Berisford S & W	275	Dalgety	[illegible]	Helvetia-Feuer/Unfall	368	Plessey	118	STC	119
Accor International	337	Berliner Kraft und Licht	353	Darty	354	Hepworth Ceramic Hldgs.	386	Pohjola Group	398	Steetley	403
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Takeovers across frontiers

Deals multiply but are smaller

AS THE number of cross-border takeovers and mergers in Europe begins to multiply, North America is still the happiest hunting ground for European companies seeking to expand by acquisition. In the first nine months of 1987, UK companies alone spent £15bn on buying assets in the US.

But in mainland Europe too, as one by one all the old barriers and inhibitions to cross-frontier links are gradually dismantled, merger mania is beginning to take hold of the corporate consciousness.

Is this trend discernable within the latest FT 500? If the answer is yes, it has to be substantially qualified. Of the dozen UK companies that have not reappeared in the rankings this time round, as a result of being taken over, only two are the result of non-resident predatory moves. Associated Book Publishers fell to International Thomson of Canada; and Contibel, part of the old Imperial Continental Gas group, was snapped up for around $7250m by a Belgian consortium formed by Groupe Bruxelles Lambert and Tractebel.

Beyond the UK sectors of the FT 500, there is little direct tabular evidence of pan-European takeovers. Although there have been plenty of big domestic mergers - in France, for example, Moet Hennessy's link with Louis Vuitton and the Wolters-Kluwer publishing amalgamation in the Netherlands - most of the deals done within Europe in the 12 months up to June this year have either been too small to be caught in the FT 500 net, where companies need to have a stock market capitalisation of more than $500m, or have been privately arranged deals involving family-owned companies.

CGE, the big French electrical group, makes a welcome debut, but this is all to do with being floated back into the private sector by the French Government than the $1.5bn purchase of the European business of ITT of the US. Electrolux and Ericsson of Sweden have both been busily acquisitive in Europe, but not to the obvious benefit of their respective stock market ratings. Volkswagen's $700m purchase of 75 per cent of Seat of Spain was mostly a cash transaction.

By and large, Europe's recent cross-border deals have been dominated by one or two specific industry sectors, of which electronics and chemicals are the two most obvious examples. Major chemicals groups, like ICI, Hoechst of West Germany and Akzo of the Netherlands, have all been involved in some pretty mammoth takeovers. Henkel, the smaller West German chemicals group, best known for its range of washing powders, has also been actively pursuing size through acquisition.

But in many cases the structure of the deals, most notably the use of cash rather than shares as a bargaining counter, has meant that their impact can be slow to filter through to the stock market level. This may be about to change. With Asea of Sweden linking arms with Brown Boveri of Switzerland, and Compagnie du Midi, the French financial group, finally winning control of Equity and Law, the UK life assurance group, the merger game in Europe looks to have moved up into a whole new league since mid-summer.

Its a very notional exercise, but if the stock market values of Asea, Brown Boveri and the latter's listed West German subsidiary, Brown Boveri Mannheim, are combined, the enlarged group would have been the 47th largest company in the FT 500, wedged in between RTZ, the international mining house, and Bass, Britain's biggest brewing group. On this basis, Asea-Brown Boveri would easily become the biggest Swedish industrial group and would be the ninth largest company in Switzerland.

By the same token, Compagnie du Midi stands to be transformed by its purchase of Equity and Law. On the basis of a notional combined capitalisation, Midi would become the sixth largest company in France just behind BSN, the foods and brewing group, and would climb rapidly up the worldwide financial rankings.

The pressures for change now battering against the doors of Europe's business capitals can be summed up thus. In the run-up to 1992, when the European Community is committed to totally freeing itself from trade restrictions, barriers to trade are already being cast aside. At the same time financial expertise is being rapidly developed, making for much more fluid stock markets and ramming home to companies and individuals alike the full value of equity investment. Finally, a new breed of European entrepreneur has emerged, a managerial class hungry for performance and willing to look far beyond national frontiers.

Jeffrey Brown

Some fortunes of the upwardly and downwardly mobile

Purchase helps rise of Reed

REED INTERNATIONAL, the UK based publishing, paper and packaging group was one of the *most upwardly mobile* companies in this year's league table.

Reed, a company which has faced a drastic process of restructuring in the past three years, with *significant job* losses, jumped 28 places to number 29 in the UK 500 list and also rose from 124 to 59 in the European 500.

There were three main reasons for the rapid rise. One was the purchase last September by the Reed subsidiary Cahners Publishing Company, already the largest publisher of specialist business magazines in the US, of Technical Publishing, from Dun & Bradstreet for $250m.

Mr Ron Segal, head of Reed's publishing interests in the US, described the purchase as "like buying the neighbour's farm. It fitted all the gaps in our business."

The purchase followed a move *into American consumer publishing* for the first time with the $40m purchase of American Baby, a monthly with 1m circulation.

The other main impetus came from buying from the US of Reed's shares in June - amid speculation that someone might be planning a takeover attempt. In a week Reed's share price rose by 117p to 576, and indeed recorded a high for the year of 633p.

Mr Peter Davis, chief executive of Reed, says the share buyer turned out to be Mr Rupert Murdoch, the American-Australian publisher, although his stake never got beyond 2.5 per cent.

The fundamental reason for the re-rating of Reed International - before the fall in world stock markets pulled its share price below 400p - was the restructuring which has led the company *to concentrate heavily* in publishing in both the UK and the US and to pull out of a series of businesses ranging from national newspapers to wallpaper *production*.

Profits for the year to March were ahead of most expectations at £188m - 37 per cent up on the previous year.

"We are demonstrating that the various strategy moves are coming off," says Mr Davis.

Although Reed's main overseas thrust has been in North America, the company owns five packaging *factories* in Holland and has bought a specialist West Germany publisher Sauer.

In July, Reed went on the acquisition trail again and bought the Octopus Publishing Group for £535m. The purchase turned it into the largest British owned publisher, with a turnover in excess of £1bn.

Reed also *generated* a host of headlines, many of them hilarious, when it bought what one American correspondent described as "the bible of the US entertainment industry and lexicon of show business lingo", or Variety.

The continued emphasis on publishing at Reed International has led many close observers of the company to wonder whether, in the medium term, Reed will get out of paper and packaging, as it has got out of so many other businesses in the past few years.

Raymond Snoddy

Smurfit ties up US package

JEFFERSON SMURFIT Group, Ireland's largest corporation, has been livening up the allegedly dull paper and packaging sector by exceeding even its own *expectations of profitability*.

In the FT's ranking of the top European 500 companies, Smurfit has jumped from 342nd place *last year to 214th, more than* doubling in market capitalisation from $581.6m to $1539.8m.

The popularity of the share price - 5.25 Irish pence this year against an average 2.18 Irish pence a year ago - reflects a buoyancy that has become a characteristic of the company in recent years.

Pre-tax profits rose from I£24.12m to I£64.23m (£57.6m) in the six months to July 31, exceeding the yearly profit figure of I£60.1m(£54m) to January, which was itself better than the company had forecast.

Mr Michael Smurfit, chairman, is confident of the future, seeing an "extraordinary year" in prospect, with the outlook particularly bright in the US, where Smurfit completed an ambitious acquisition in July last year.

The purchase of Container Corporation, from the oil group Mobil, for $1.16bn by a company owned equally by Smurfit and Morgan Stanley, the US investment bank, came just a few months after Smurfit's acquisition of 80 per cent of Publishers Paper, a newsprint company, for $133m.

"PP and CCA gave Smurfit the double whammy and put us in the class we are today," says Mr Smurfit.

But the PP acquisition also concentrated attention on the company's debt burden - balance sheet gearing had been pushed over the 70 per cent mark.

Smurfit responded by using a technique described by Mr Smurfit as "innovative financing" *with its CCA acquisition. It* took effective control of a company bigger than itself without the slightest effect on its balance sheet.

This financial sleight-of-hand, achieved principally by the use of $600m in bank borrowings and the sale of $400m in subordinated debt, otherwise known as "junk bonds", transformed Smurfit into the world's eighth largest paper company.

Off-balance sheet financing was not a technique unknown to Smurfit. In 1982, the group bought out the Diamond paper and packaging interests of Sir James Goldsmith, the veteran industrialist, and adopted the same principle - of keeping the *deal off* the balance sheet *till* it was financially reasonable to take it on.

Debt reductions in both CCA and Smurfit Newsprint (as *Publishers Paper was re-named)* are exceeding expectations and in the case of CCA could be as much as $250m for the current financial year, ending in December, the company said. Mr Smurfit believes half the debt incurred in taking on CCA should be paid within two years.

With CCA, Smurfit has benefited from capital expenditure by the previous owners and pension fund savings, together accounting for immediate savings of about I£140m.

A debt:equity ratio of 56.3 per cent at the time of the interim results this year is seen as "comfortable" by the company, and in the US a large part of its bank debt, which is declining fast, is on fixed rate, giving the company some protection against rising interest rates.

Smurfit's appetite for acquisitions remains undeterred. "We had hoped to make one or two major acquisitions in the current year, but the price of businesses has changed dramatically in the last few months - we want to avoid paying a premium at the top of the market," says Michael Smurfit.

"Logical opportunism" is the chairman's phrase for Jefferson Smurfit's watchful eye on potential purchases. The same sentiment, no doubt, haunted its origins, when founder John Jefferson Smurfit, a master tailor, switched to packaging on being sold a share in a carton-making business by the priest who officiated at his wedding in 1934. The board is now dominated by his four sons - Michael, *Jefferson, Alan and Dermot.*

Dina Medland

Adia will seek more purchases

ADIA, THE Swiss-based "temp" concern, has been expanding at a cracking pace over the past few years. Revenue this year is likely *to be about twice that for 1984*, while consolidated net earnings could well be double the 1985 figure.

This has been accompanied by *a leap in the Lausanne company's* market capitalisation, which has doubled in less than a year. Adia is up to 241 from 414 in the European list.

The group, the world's third-biggest temporary-employment specialist after Manpower and Kelly, has never looked back after emerging from the recession of the early 1980s. Its turnover, some 90 per cent of which comes from its temp agencies - including those of the Alfred Marks organisation in London - has risen steadily and rapidly since 1982 to reach just over SFr1.6bn last year.

The management parent, Adia International, expects further growth of "at least 25 per cent" for 1987 and another good year in 1988.

Profitability has improved even faster - group profits have grown in the past three years by 127, 52 and 43 per cent respectively. A Swiss Volksbank study reckons on another 40 per cent rise this year.

This expansion has been made possible to a large extent through a programme of continuous acquisition. According to group manager Mr Yves J. Paternot, takeovers have accounted for about half of overall growth in the past two years. Between the start of 1986 and the end of this September there have been no fewer than 22 acquisitions.

Most of these purchases have naturally been of only relatively small-scale operations. This August, however, Adia was suddenly in the headlines when it conducted "exploratory conversations" which could have led to the takeover of the industry leader, Manpower, which had 1986 turnover of more than $1.2bn. However, this was in the nature of a white-knight effort to help *the Milwaukee group fend* off an initially unwelcome bid by Britain's Blue Arrow.

It did not take Adia long to decide that the price, subsequently *raised by Blue Arrow*, would have been out of proportion to the resulting benefit. The addition of such a large organisation, it was feared, would make it hard to keep up current profit-growth rates.

Adia will now continue with its successful combination of internal growth and further takeovers. According to Mr Paternot, the acquisition policy will be aimed particularly at buying specialised firms in such sectors as accounting, data processing or medical services and well-established companies in promising geographical locations.

Shareholders have every reason to approve of the company's record to date. Market capitalisation *has trebled since the end of* 1985 to reach SFr2.32bn in the wake of a massive rise in share prices.

In the 12 months ended September 30 alone, the bearer share has rocketed from SFr7,350 to SFr13,200, the registered share from SFr3,600 to SFr6,500, and the participation certificate from SFr670 to SFr1,100.

This year, dividend policy of the holding company, Adia SA, has reflected what the board terms "favourable results and an excellent outlook."

For the business year ended June 30, dividends are to be increased from SFr70 to SFr80 per bearer share, from SFr35 to SFr40 per registered share and from SFr7 to SFr8 per bearer participation certificate (BPC) - plus further payments of SFr10, SFr5 and SFr1, respectively, to mark the group's 30th anniversary. For holders of the so-called "Baby Adia" beneficiary certificates equal to one-tenth of registered-share rights, there was a corresponding pay-out of SFr4.50, including bonus.

The company has doubled the number of bearer shares to 100,000 and introduced the categories of BPCs and "babies". Further increases are on the way.

The holding company has heralded the issue of Swiss-Franc bonds equipped with equity warrants with subscription rights for existing share and certificate holders, as well as the international placement of 90,000 new BPCs, also with subscription rights for the coming warrant-bond float.

The company's management for some time has held 20 per cent of equity and 40 per cent of the voting power. That still leaves a large and growing volume of outstanding equity.

In this connection, Adia is one of few Swiss companies to allow foreigners to buy its 100,000 registered shares.

John Wicks

Tractebel issue is postponed

TRACTEBEL, *Belgium's biggest* electricity and gas utility, 170th in the European list, was formed last year through the merger of two established businesses, Tractionel and Electrobel.

Roughly 75 per cent of its portfolio, and 85 per cent of its gross income, come from the energy sector (including a sizeable slice of the major Belgian oil group Petrofina), but the company also has interests in telecommunications, cable television and engineering.

Tractebel is a major Belgian holding company; that is to say, its profits primarily reflect the dividends which it earns from stakes held in other businesses.

Holding companies in Belgium exercise considerable influence, since even minority shareholdings in an enterprise often provide effective control. Belgian shareholders are notoriously secretive, hold their shares in bearer form, and seldom wish to disclose their identity by turning up to vote at annual meetings.

In this way Tractebel itself is effectively "controlled" by Societe Generale de Belgique, the country's largest holding company with a 15 per cent direct stake, plus indirect interests of 8 and 10 per cent respectively through Sofina and Electrafina.

Tractebel's key energy portfolio consists of substantial direct and indirect interests in Belgium's three largest utility companies, making it the main and controlling shareholder in each case: it has 21% in EBES, 21% in Intercom, and 25 per cent in Unerg, businesses which between them produce more than 90 per cent and distribute about 80 per cent of the electricity consumed in Belgium.

*It has, meanwhile, a mostly in*direct stake of 33 per cent in Distrigaz, which provides Belgium with natural gas from Holland and Algeria and has a monopoly in the distribution of gas to large customers.

In addition, Tractebel has a key 5 per cent holding in the capital of Petrofina, the oil exploration and production group.

Without doubt, the major event of the year for Tractebel has been its successful takeover, with Groupe Bruxelles Lambert (GBL), of Contibel, the Belgian part *of the old British* company IC Gas. Contibel has a 7.2 per cent stake in Petrofina - which is to be split between GBL and Tractebel - as well as a *collection of other stakes in* Belgian energy utilities which it is planned to sell.

The recent catastrophic fall on world stock markets has threatened to turn the Contibel deal distinctly sour. Tractebel estimated that its share of the Contibel operation would work out at BFr10bn, more than half of which it hoped to raise through a one-for-12 rights issue. But as a result of "Black Monday's" carnage in Wall Street and London - and the severe knock-on effect on the Brussels Bourse - the issue has had to be postponed.

The impact of the slide in stock prices, however, goes beyond this technical inconvenience. *The £448m which finally* clinched the Contibel deal was at a fixed price in July, leaving at the time a comfortable profit for the buyers after the planned *break up, and after the costs of* financing and tax clearance. In the wake of sharp falls in the value of the constituent parts of Contibel, an embarrassing loss could be staring GBL and Tractebel in the face.

Besides energy, Tractebel has an engineering consultancy which is considered to be one of the most important in Europe. It is involved in industrial construction and technical services through its subsidiary Fabricom; and it participates in the cable TV industry via a 66 per *cent stake in Coditel, which* control and operates transmission networks all over Belgium.

Tim Dickson

KHD looks ahead to a better year

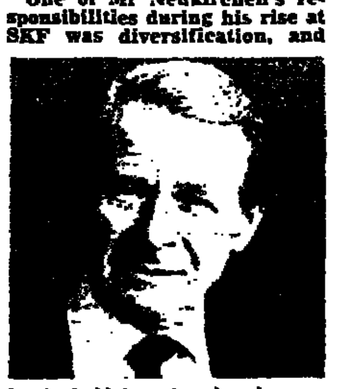
WITH THE benefit of hindsight, Mr Bodo Liebe's decisions a few years ago to strengthen the position of his company, Kloeckner-*Humboldt-Deutz (KHD)*, in diesel engines and farm equipment seem hopelessly sentimental and old fashioned.

KHD (down from 310 to 478 in the European list) had a *foul year* in 1986, with the strong Deutsche Mark tripping it up in the few agricultural equipment markets that still showed any promise, and with a worldwide glut in diesel engine production making nonsense of KHDs costly production expansion programme.

Total group turnover fell 11 per cent, to DM4.9bn, and 7 per cent in the parent, to DM3.26bn. Incoming orders were down 18 per cent, and orders at the end of the year were 23 per cent down on the end of 1985. Diesel engine sales fell 12 per cent and agricultural machinery orders were 24 per cent lower the a year before. The group made an operating loss which was, however, evened out by drawing on some handsome reserves.

The year 1987 will be better, though Mr Liebe may not be around to tell the story when the final figures emerge next year. Already aged 63, he is to step down early next year as chairman, to make way for Mr Kajo (Karl Josef) Neukirchen, 45, who joined the group this year from SKF, the Swedish bearings group, whose West German operations he ran.

One of Mr Neukirchen's responsibilities during his rise at SKF was diversification, and



Mr Bodo Liebe: stepping down

ironically - though perhaps this *is why he was head-hunted* - most of KHDs present difficulties can be traced back to a decision not to diversify.

It may have been sentiment, but Mr Liebe decided early in the 1980s that the way KHD would grow would not be by moving into new businesses, but by concentrating on its strengths and by acquiring greater manufacturing potential in diesel engines, tractors and other agricultural machinery. At about the same time, other West German corporations, like Mannesmann and Daimler Benz, were doing just the opposite and trying to branch away from their core businesses.

The Liebe strategy, so far, has not worked. *In 1979, KHD bought* an old engine plant in Indiana from American Motors. The company wanted to import and assemble engines. At the same *time KHD engineers in Canada* had developed an eight cylinder air-cooled commercial diesel.

KHD is a world leader in air-cooled diesel engines but both efforts flopped. The Indiana plant was mothballed in 1983 and the new engine, the "610", failed to catch on in the US, where water cooling was more popular. The company, though, was able to cushion those losses with a DM600m pile it had made by selling its 20 per cent stake in Iveco to Fiat in 1982. That Iveco money is still being used as a cushion.

Mr Liebe, who is tough and stubborn, then began to think about adding a water-cooled engine to the KHD range. Knorr Bremse, a Bavarian locomotive *brake group, which also owned* the Motoren-Werke Mannheim (MWM), began to break up because of quarrelling among its family owners. MWM made a wide range of water-cooled diesels and KHD bought it in 1985.

Soon afterwards, Mr Liebe believed he had found another way into the American market, where other West German companies had been making huge profits while the dollar had been relatively strong against the D-mark. He bought Allis Chalmers' loss-making agricultural equipment group for $107m.

The idea was to use the Allis sales and financing network to sell KHD equipment made in West Germany there, but he had missed the currency boom years and the rise of the D-mark began almost at the same time.

Earlier this year KHD was talking of a "ruinous" price war in the US agricultural equipment market, but first half sales figures proved remarkably healthy - down just DM200m to DM2.1bn from the first six months of 1986.

Peter Bruce

French markets are worried about the pace with which privatisation succeeds privatisation

Now for the test on the downhill run

FRANCE'S AMBITIOUS privatisation has redrawn the map of the country's economy and put back into the market place a Who's Who of its major companies.

Already three of the five most actively traded shares in the main French stock market are privatised companies - the two banking groups Societe Generale and Paribas, and the telecommunications and heavy engineering conglomerate Compagnie Generale d'Electricite (CGE).

Waiting in the wings are Suez, already in the process of being privatised, Rhone-Poulenc and Pechiney, which hope for a place in the calendar early next year. Their non-voting investment certificates have been the three most actively traded stocks in the second division of the Paris market, the cash settlement section.

The 11 flotations so far accomplished have added around FFr120bn, or over 10 per cent, to the capitalisation of the French stock market.

At the same time, the privatisations have achieved an unprecedented success in drawing in a range of new investors who had never before put their money in the bourse. The FFr17.5bn flotation of Paribas in January, the second of the privatisations, drew a record 3.8m subscribers, 25 times as many shareholders as the bank had before *its* nationalisation in 1982, and double the previous total of direct shareholders in France.

If subsequent flotations have failed to live up to this precedent - and several of them are relieved that they do not have to deal with this unmanageable number of small shareholders - they have still attracted 15m applications, or an average of 1.5m per flotation.

Officials now estimate that there are now around 6m direct shareholders in France.

The test for the Government is now beginning. With the French stock exchange, following other world equity markets, plunging rapidly downhill, the next wave of flotations faces a much greater test.

The fall in the market has now brought most of the privatised companies share prices down below their issue prices, shaking the confidence of the generation of new shareholders who had firmly latched on to the belief that a privatisation was a surefire investment that could not go wrong.

Even if the offer for sale of the investment and banking group Suez, currently in progress, is comfortably over-subscribed, anything much below 2m applications may appear rather like a failure in the machismo contest with its great rival Paribas.

Mr Edouard Balladur, the finance minister, has left himself room to manoeuvre over the timetable of the future privatisations.

Under attack over his handling of the privatisation programme from the socialist opposition, which accused him of placing his political cronies in the "hard cores" of friendly shareholders, created to protect the newly privatised companies from immediate takeover, Mr Balladur chose to counter-attack by ordering full steam ahead.

The minister announced that after the flotations already under way - of Suez, and Matra the electronics and defence group - he would try to privatise two insurance companies, Union des Assurances de Paris and Assurances Generales de France; one of the two remaining major *state banks, Credit Lyonnais or* Banque Nationale de Paris; and one industrial company, probably Rhone-Poulenc or Pechiney, by the end of March next year.

Depending on the precise choice of companies, this programme could bring companies worth from FFr70bn to FFr100bn on to the market in the space of seven months, compared with around FFr100bn in the eight months before the flotation of St Gobain in December last year and that of Societe Generale, the bank, in July.

*Mr Balladur added that im*portant rider that these privatisations would only be made if market conditions permit - and in the current state of the French equity market it would be hard to claim that they did so. Nevertheless, his announcement was widely perceived as an acceleration of the programme, especially since most stockbrokers had expected a halt in the privatisations early next year as the presidential election campaign got under way.

The debate over whether the market has been saturated by the privatisations never really got under way in the early stages of the campaign. The results in the *flotations of St Go*bain and Paribas so far exceeded the most optimistic forecasts that earlier calculations of the French market's capacity to absorb all this new equity simply had to be torn up.

The Finance Ministry has always maintained that there was in fact no saturation effect. Two-thirds of the privatisation receipts have been used for redeeming government debt - thereby reducing the call on liquidity in the bond market, which has otherwise suffered from the shift into equities. The remaining third goes towards capital grants for companies remaining in the state sector, thereby, officials say, reducing *the demands these companies* might themselves have made on the markets.

If the reasoning smacks of sophistry, it remains true that, because of the appeal of the privatisations to new investors who have in most cases remained loyal to their companies, cash has mainly been drawn from outside the markets.

There has been little sign of net withdrawals from mutual *funds* investing in the equity markets, although net subscriptions have flattened off partly under the influence of the withdrawal of tax breaks. Nor have the privatisations prevented the placing of another FFr32bn of new equity on the stock markets in the first six months of this year, slightly down from 1986 but three times the level of any previous year.

At the same time, investors have substantially increased their liquid investments, with money market mutual funds recording net subscriptions of FFr46bn in the first eight months of the year and savings banks at last recovering from several years of declining deposits.

Yet the markets have begun to grow worried at the pace with which privatisation succeeds *privatisation, and the ministry* is now putting the finishing touches to a plan to split the payments on the privatisation of UAP over a number of months.

Deferred payment is more difficult than in the UK, because of juridical complications, but the solution appears now to have been found.

If Mr Balladur succeeds in putting through all the privatisations he has announced, he will in the space of 16 months put on to the market two-thirds, by value, of the companies listed as candidates in the French privatisation law - which foresaw that it would *take five years to complete the* programme.

After next year's presidential election, a new Socialist government would put a brake on the programme, even if it would have difficulty renationalising most of the companies so far floated. If a right wing government returned, it would not have the same burning need to hurry ahead, and could take its time over the remaining third of the privatisation programme.

At all events, the French stock market will welcome the time to digest the new members it has welcomed to its club.

George Graham

Financial Times TOP 500 1987

Oil and poll lifted London

THIS YEAR will go down as the most extraordinary 12 months in recent history for the UK stock market. In the first six months there was a huge rise in share prices, greatly enlarging market capitalisations, only to be followed by the equally extreme recent collapse.

The FT Top 500 list of Britain's biggest companies is based on market capitalisations in mid-August, so today's survey does not reflect the market's dramatic turn in October, which sent the FT-A All-Share index plunging.

The All-Share, which stood around 835 as 1986 turned into 1987, shot upwards by nearly 50 per cent to peak at 1238.57 in mid-July. It then corrected modestly downwards and sideways over the late summer, before October's rout.

The advance in the opening half of the year was hardly unique. The FT-Actuaries World Index advanced from about 94 at the end of July 1986 to 131 a year later. Nevertheless, among the major economies, London's rise was particularly marked.

One of the most important factors behind this was the Conservative victory in the June general election. The market had begun anticipating this outcome early in the year when a string of opinion polls showed the Tories way ahead of Labour.

Added to this was a favourable economic climate, with oil prices relatively stable, the pound firm, inflation still comparatively modest, and the outlook for growth good by international standards. The major worry was a gradual deterioration in the current account of the balance of payments. The generally healthy picture was underlined by the March budget, which saw a fall in basic rate income tax by 2p in the pound to 27p and a very modest projection for the public sector borrowing requirement.

The upshot of this stable political and economic picture, at a time of rapidly rising markets in New York and Tokyo, was that London came to be regarded as undervalued relative to the international equity market - despite the fact that UK price/earnings ratios were reaching peaks which had the Cassandras shaking their heads (and with some justification, given subsequent events).

But not all sectors shared equally in the upward surge. The top performer was mining finance, buoyed up by the recovery in the gold price. It saw a near tripling of its FT-Actuaries sectoral index between July 1986 and July 1987, compared with a 55 per cent rise in the All-Share.

The oil and gas index doubled, thanks to the recovery in the price of crude, while publishing and printing recorded an 87 per cent increase, helped by the technological and ownership changes sweeping through the sector. Other strong performers included building materials (up 68 per cent), metals and metal forming (72 per cent) and overseas traders (90.4 per cent).

Under-performers included brewers and distillers (up 36 per cent) stores (35 per cent) and electronics (33 per cent). Banks produced a rise of just 32.6 per cent in their index value, though merchant banks, buoyed up by bid speculation, tracked the market more closely with a 50 per cent increase.

The impact of all these changes of market sentiment towards different sectors is reflected in the FT 500, and nowhere more clearly than in the sharp rise in the ranking of oil companies when compared to the 1986 list, thanks in large measure to the recovery in the oil price and partly to acquisitions.

British Petroleum has resumed its traditional position as Britain's largest company by market capitalisation. For the previous two years it had been knocked out of the number one position by British Telecom. But, whereas British Telecom's market capitalisation grew from £13.3bn in 1986 to £16.8bn this year, BP's doubled from £10.8bn to £21.2bn, helped by its buying out of minority shareholders in its US subsidiary, Sohio.

Several oil companies which have been on the acquisition trail also feature prominently in list of companies which showed sharpest rise in rankings during the year.

Newly privatisated companies also feature strongly in this year's table. British Gas, which was floated towards the end of 1986, ranks as Britain's seventh largest company, with a market capitalisation of £8.86bn. The Trustee Savings Bank ranks in 38th position, with a market capitalisation of £2.1bn, while Rolls-Royce comes in as the 60th largest company, capitalised at £1.64bn, and British Airways is 71st, capitalised at £1.48bn

Dramatic movement up or down the FT 500 is less common among the largest companies, occupying the leading positions in the table, than it is in the lower reaches, where, for example, a strong acquisition programme under a new chief executive can transform a company's size in short order.

Even so, this year's table shows some intriguing changes in ranking among the top 100 companies.

Wellcome, the pharmaceuticals company, rises from 29 to 20, partly because of its development of Retrovir, the anti-AIDS drug. P & O, which took over the property company Stock Conversion in 1986 and this year acquired European Ferries, moves from 49 to 28; while Reed International, the publishing group which has undergone a major restructuring over the past two years, rises from 57 to 29. Argyll, the stores group which bought the British end of the Safeway chain back in February, moves from 96 to 42; as British & Commonwealth Holdings, the financial services group expanding fast under the leadership of Mr John Gunn, rises from 107 to 62.

Yet one of the most interesting upward movements in the top 100 is that of a company which achieved prominence this year not so much for making acquisitions but for being the subject of a bid. Pilkington, the glass manufacturer, fought off a bid from BTR, the industrial holding company at the start of the year, in large measure thanks to a profits forecast (later met) which was way ahead of City expectations.

Among downward movements in the top 100, several retailers are prominent, partly reflecting the under-performance of the sector, but also the aftermath of some big takeover deals done a couple of years back.

Generally, the companies enjoying the largest rises in ranking are a disparate collection of businesses united by one common factor - they are expanding rapidly through acquisition under the leadership of strong chief executives with a good City following.

The largest jump is enjoyed by Ratners, the jewellery chain headed by Mr Gerald Ratner, which has been moving so quickly that, in June and July, it took the highly unusual step of making two concurrent rights issues - for £122m and £82m - to fund acquisitions in Britain and the US. It rises 235 places in the FT 500 to 179th place.

Coloroll, which records the third largest rise up the table (203 places to 210th place), is headed by 38-year-old Mr John Ashcroft, who is building up a broad home furnishings group through a string of takeovers.

Mountleigh, which recorded the fourth greatest jump in ranking (181 places to 139) is the fast-growing property group headed by Mr Tony Clegg, which has made a string of well-judged acquisitions in the property field over the past year. More recently, it made a wider splash by seeking (but failing) to get Storehouse to agree to be taken over and then broken up into its constituent parts.

Two of the most audacious of this year's takeover bids came too late to affect the rankings of this year's FT 500. WPP, a relatively small marketing group headed by Mr Martin Sorrell, a former finance director of Saatchi & Saatchi, launched and won a $560m takeover bid for JWT, the large US advertising agency.

Similarly, Blue Arrow, the services group headed by Mr Tony Berry, launched Britain's biggest rights issue - £837m - to finance his successful bid for Manpower, the much larger US employment agency. And even before these deals the track record of the two companies had propelled them up the FT 500 - with Blue Arrow in 215th position and WPP at 392.

Their cheeky bids underline another important influence on this year's rankings - the remarkable wave of US takeovers by British companies.

As for falls in ranking, the greatest drop is suffered by Systems Designers, the software house which caught a nasty cold due to delays in the placing of Ministry of Defence contracts and cost overruns on new product developments. It moves down 159 places to 428th.

The list of companies new to to the Ft 500 is dominated by privatisation issues, together with a group of large companies which have been floated on the market over the past year. They include Morgan Grenfell, the merchant bank; Avis Europe, an offshoot of the American hire car business; and Virgin Group, the pop music and entertainment business headed by Mr Richard Branson.

But the list also includes some fast growing smaller companies, which are already listed and have battled their way up the rankings, either through organic growth or through takeovers. They include Norton Opax, the specialist packaging and printing group; Brent Walker, the leisure and property development business headed by Mr George Walker; Barker & Dobson, the food retailing and confectionary group, which has been turned round from losses by a new management; and WCRS Group, the rapidly expanding advertising agency.

Some of the new entrants may grow into businesses that challenge for the very top rank of British companies. The problem for investors is choosing the winners from the rest - particularly in the current turbulent market conditions.

Martin Dickson

1-50

Ranking 1987	Ranking 1986	Company	Market cap. £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Number of employees	Year end
1	(2)	British Petroleum	21,223.0	51	1	27,171.0	40,986.0	−33.7	958.0	3,613.0	−73.4	7.0	126,000	31.12.86
2	(1)	British Telecom	16,800.0	47	5	9,424.0	8,387.0	12.3	2,067.0	1,833.0	12.7	22.5	236,461	31.03.87
3	(3)	Shell Transport & Trading	15,672.7	51	—	—	—	—	—	—	—	—	—	*31.12.86
4	(4)	Glaxo Holdings	12,213.0	27	63	1,428.8	1,412.1	1.1	611.6	402.9	51.8	59.2	24,728	30.06.86
5	(5)	Imperial Chemical Industries	9,506.9	42	3	10,136.0	10,725.0	−5.4	1,016.0	912.0	11.4	20.9	121,800	31.12.86
6	(6)	BAT Industries	9,000.3	48	2	16,430.0	14,707.0	11.7	1,393.0	1,166.0	19.4	25.3	305,360	31.12.86
7	(—)	British Gas	8,860.2	51	6	7,610.0	7,687.0	−1.0	1,293.0	1,100.0	17.5	18.9	88,469	*31.03.87
8	(8)	Marks and Spencer	6,375.8	34	13	4,220.8	3,734.8	13.0	432.1	365.8	18.1	28.7	66,704	31.03.87
9	(7)	General Electric	6,319.4	5	9	5,247.3	5,252.6	−0.1	668.4	700.6	−4.6	19.6	122,328	31.03.87
10	(10)	Hanson Trust	6,269.6	43	12	4,312.0	2,674.0	61.2	464.0	253.0	83.4	30.1	92,000	30.09.86
11	(11)	National Westminster Bank	5,432.1	62	—	N/R	N/R	—	1,011.0	804.0	25.7	41.0†	83,321	31.12.86
12	(9)	BTR	5,326.7	10	14	4,019.2	3,880.6	3.5	504.8	361.8	39.5	28.1	79,400	28.12.86
13	(19)	Unilever	5,256.3	25	7	5,949.0	6,495.0	−8.4	432.0	462.0	−6.4	17.8	N/A	31.12.86
14	(13)	Grand Metropolitan	4,566.4	22	8	5,291.3	5,589.5	−5.3	386.1	347.3	11.1	15.3	131,493	30.09.86
15	(20)	Sainsbury J.	4,904.5	26	15	3,857.1	3,414.1	12.9	246.9	192.7	28.1	28.6	67,620	21.03.87
16	(15)	Beecham Group	4,053.8	27	23	2,730.1	2,602.7	4.8	350.4	303.8	15.3	31.9	40,900	31.03.87
17	(12)	Barclays	3,973.6	62	—	N/R	N/R	—	895.0	840.0	6.5	36.5†	80,300	31.12.86
18	(16)	Prudential Corporation	3,925.6	65	—	N/R	N/R	—	178.1	110.1	61.7	N/R	24,622	*31.12.86
19	(14)	Cable & Wireless	3,889.9	47	90	912.9	907.0	0.6	340.5	295.0	15.4	25.4	25,569	31.03.87
20	(29)	Wellcome	3,817.9	27	86	1,005.4	1,003.6	0.1	125.3	121.7	2.9	20.7	18,764	31.08.86
21	(17)	Great Universal Stores	3,373.0	34	29	2,270.1	2,098.6	8.1	297.7	261.0	14.0	19.1	43,448	31.03.87
22	(25)	RTZ Corporation	3,296.0	81	18	3,343.9	3,098.3	7.9	601.7	614.4	−2.0	23.8	82,551	31.12.86
23	(21)	Bass	3,240.9	22	24	2,709.7	2,410.8	12.4	310.4	255.1	21.6	20.7	76,922	30.09.86
24	(18)	Guinness	2,988.4	22	20	3,252.0	1,188.0	—	355.0	86.0	—	18.9	32,027	*30.09.86
25	(22)	Allied-Lyons	2,975.3	22	16	3,614.8	3,301.8	9.4	340.9	269.5	26.4	18.4	77,549	07.03.87
26	(23)	Lloyds Bank	2,914.6	62	—	N/R	N/R	—	700.0	561.0	24.7	36.4†	71,297	31.12.86
27	(28)	Land Securities	2,844.2	69	—	N/R	N/R	—	120.6	112.9	6.8	6.7	417	31.03.87
28	(49)	P & O Steam Navigation	2,781.4	45	39	1,952.2	1,629.3	19.8	174.1	125.6	38.6	16.7	35,628	31.12.86
29	(57)	Reed International	2,664.8	32	40	1,950.4	1,931.1	1.0	188.2	137.4	36.9	28.8	34,600	31.03.87
30	(27)	Boots	2,638.2	34	28	2,351.7	2,126.1	10.6	242.8	210.4	15.4	27.5	69,712	31.03.87
31	(33)	Reuters Holdings	2,620.9	41	116	620.9	434.1	43.0	130.1	93.6	39.0	57.7	6,099	31.12.86
32	(35)	Tesco Stores (Holdings)	2,406.9	26	17	3,593.0	3,355.3	7.0	175.9	131.2	34.0	25.7	62,452	*28.02.87
33	(24)	Royal Insurance	2,372.1	66	—	N/R	N/R	—	304.8	41.4	636.2	N/R	9,388	31.12.86
34	(26)	Sears	2,356.5	34	27	2,480.3	2,277.9	8.8	218.7	186.8	17.0	19.8	64,628	31.01.87
35	(42)	BOC Group	2,240.1	42	41	1,944.6	1,900.9	2.3	64.1	171.3	−62.5	7.4	37,677	*30.09.86
36	(32)	ASDA/MFI Group	2,136.4	26	25	2,667.1	2,516.6	5.9	192.0	166.4	15.3	32.9	44,230	02.05.87
37	(76)	Consolidated Gold Fields	2,116.5	81	91	893.3	951.7	−6.1	110.9	114.9	−3.4	13.3	13,085	30.06.86
38	(—)	TSB Group	2,103.7	62	—	N/R	N/R	—	205.6	169.3	21.4	25.1†	29,936	*20.11.86
39	(37)	Tarmac	2,093.0	2	30	1,718.3	1,536.1	11.8	170.5	135.2	26.1	30.1	25,116	31.12.86
40	(74)	Pilkington	2,071.3	2	32	2,103.4	1,321.1	59.2	256.0	123.3	107.6	20.9	56,100	31.03.87
41	(34)	General Accident	2,040.3	66	—	N/R	N/R	—	123.2	26.5	364.9	N/R	9,763	31.12.86
42	(96)	Argyll Group	2,033.6	26	35	2,025.0	1,818.7	11.3	80.6	64.6	24.7	40.3	39,398	28.03.87
43	(39)	Dee Corporation	2,006.2	26	11	4,838.6	4,008.5	20.7	192.2	126.5	51.9	23.5	84,240	*25.04.87
44	(41)	Sun Alliance & London Insurance	1,983.9	66	—	N/R	N/R	—	180.4	37.7	378.5	N/R	12,088	31.12.86
45	(44)	Trusthouse Forte	1,946.6	29	60	1,476.5	1,244.5	18.6	136.0	129.6	4.9	13.6	60,800	31.10.86
46	(78)	MEPC	1,930.8	69	—	N/R	N/R	—	58.4	51.6	13.1	6.9	794	30.09.86
47	(56)	Courtaulds	1,870.2	35	30	2,261.9	2,172.7	4.1	201.1	143.0	40.6	27.3	65,400	31.03.87
48	(61)	BET	1,827.4	43	56	1,576.4	1,333.0	18.2	157.4	134.6	16.9	27.6	86,978	31.03.87
49	(40)	Coats Viyella	1,806.4	35	77	2,125.0	1,695.9	—	181.7	149.6	—	25.5	70,225	*31.12.86
50	(46)	Associated British Foods	1,778.7	25	31	2,201.9	2,046.1	7.6	190.5	163.5	16.5	19.8	54,114	*28.03.87

51-100

Ranking 1987	Ranking 1986	Company	Market cap. £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Number of employees	Year end
51	(36)	Fisons	1,749.0	27	113	663.7	600.6	10.5	85.1	72.3	17.7	24.2	10,239	31.12.86
52	(31)	Burton Group	1,745.4	34	74	1,228.8	551.0	123.0	148.7	80.2	85.4	25.3	32,734	30.8.86
53	(55)	Reckitt & Colman	1,734.9	27	69	1,329.4	1,266.9	4.9	145.1	123.4	17.5	36.2	34,500	3.1.87
54	(62)	Smith & Nephew Associates	1,692.5	27	137	480.1	423.0	13.5	88.2	70.6	24.9	29.5	13,138	*3.1.87
55	(30)	Plessey	1,675.2	5	62	1,429.7	1,461.1	−2.1	184.2	170.2	8.2	26.3	31,955	3.4.87
56	(82)	STC	1,674.7	5	42	1,933.4	1,997.2	−3.1	134.2	(11.4)	1,277.1	19.6	37,819	31.12.86
57	(59)	Racal Electricals	1,671.3	5	71	1,290.8	1,266.3	1.9	100.3	90.2	11.2	15.3	32,418	31.3.87
58	(63)	Rank Organisation	1,659.3	43	104	718.1	630.9	13.8	164.1	136.0	20.6	24.1	29,361	31.10.86
59	(38)	Guardian Royal Exchange	1,652.8	66	—	N/R	—	—	143.8	3.5	4,008.5	N/R	8,786	31.12.86
60	(—)	Rolls-Royce	1,643.0	6	46	1,802.0	1,601.0	12.5	120.0	81.0	48.1	18.8	41,900	*31.12.86
61	(66)	Thorn EMI	1,636.2	29	21	3,185.0	3,316.5	−3.9	159.5	104.7	52.3	16.1	74,321	31.3.87
62	(107)	British & Commonwealth Hldgs	1,631.1	70	145	428.9	402.4	6.5	51.5	78.7	−34.5	11.4	10,220	31.12.86
63	(48)	Legal & General Group	1,621.3	65	—	N/R	N/R	—	83.2	31.5	164.1	N/R	5,960	31.12.86
64	(69)	BPB Industries	1,590.0	2	100	750.5	616.0	21.8	144.7	103.2	40.2	38.4	11,653	31.3.87
65	(64)	Trafalgar House	1,562.0	43	49	1,739.0	1,649.4	5.4	145.8	142.5	2.3	19.0	33,278	30.9.86
66	(52)	Woolworth Holdings	1,538.7	34	44	1,828.0	1,757.0	4.0	115.3	81.3	41.8	16.4	50,535	31.1.87
67	(80)	Britoil	1,533.3	51	47	1,799.6	978.2	83.9	133.8	759.5	−82.3	11.5	2,388	*31.12.86
68	(71)	Cadbury Schweppes	1,529.7	25	43	1,839.9	1,873.8	−1.87	130.7	93.3	40.0	23.730	27,730	*3.1.87
69	(47)	Commercial Union	1,527.8	66	—	N/R	N/R	—	119.1	0.2	59,450.0	N/R	18,070	*31.12.86
70	(60)	Pearson	1,490.4	43	88	952.6	970.1	−1.8	121.1	109.3	10.8	22.5	27,800	31.12.86
71	(—)	British Airways	1,483.6	45	19	3,263.0	3,149.0	3.6	162.0	195.0	−16.9	22.9	40,440	*31.3.87
72	(75)	Ladbroke Group	1,482.0	29	48	1,765.6	1,342.6	31.5	101.3	75.1	34.8	16.9	25,008	30.12.86
73	(50)	Midland Bank	1,471.7	62	—	N/R	N/R	—	434.0	351.0	23.6	†34.2	67,372	31.12.86
74	(51)	Whitbread	1,435.7	22	57	1,553.9	1,533.0	1.3	158.9	136.8	16.1	13.2	47,723	28.2.87
75	(70)	Redland	1,400.8	2	87	979.1	920.6	6.3	130.7	112.8	15.8	25.3	12,366	28.3.87
76	(34)	Dixons Group	1,363.0	34	81	1,111.1	943.4	17.7	102.6	78.1	31.3	48.4	12,130	30.4.87
77	(65)	United Biscuits	1,342.1	25	45	1,818.4	1,806.4	0.6	125.2	102.2	22.5	23.1	39,952	*3.1.87
78	(43)	British Aerospace	1,316.3	6	22	3,137.0	2,647.7	18.4	182.2	150.5	21.0	12.1	75,480	31.12.86
79	(81)	Blue Circle Industries	1,277.5	2	82	1,098.0	947.2	15.9	127.0	116.9	8.6	11.5	17,346	31.12.86
80	(53)	Standard Chartered	1,263.4	62	—	N/R	N/R	—	253.9	267.9	−5.2	31.9†	5,517	31.12.86
81	(89)	Cookson Group	1,244.2	10	112	673.1	567.0	18.7	94.5	67.6	39.7	28.7	8,314	31.12.86
82	(97)	Ranks Hovis McDougall	1,212.2	25	65	1,414.2	1,313.8	7.6	90.8	70.8	28.2	23.9	34,858	30.8.86
83	(101)	Hillsdown Holdings	1,209.2	25	51	1,702.6	1,138.5	49.9	54.9	33.4	64.3	26.4	27,481	31.12.86
84	(85)	British Printing & Comm Corp	1,186.0	32	140	461.7	265.1	74.1	80.3	25.5	214.9	38.7	12,626	31.12.86
85	(83)	Rowntree	1,147.0	25	72	1,290.4	1,205.2	7.0	84.0	79.3	5.9	18.3	32,300	*3.1.87
86	(45)	Storehouse	1,144.4	34	79	1,120.6	1,057.8	5.9	129.5	116.1	11.3	26.7	33,604	*4.4.87
87	(72)	Hammerson Property	1,119.5	69	—	N/R	N/R	—	49.3	40.1	22.9	6.9	490	31.12.86
88	(94)	Bunzl	1,075.2	31	83	1,067.5	787.6	35.5	64.8	42.7	51.7	29.7	12,899	31.12.86
89	(58)	Hawker Siddeley Group	1,064.1	6	55	1,608.0	1,592.0	1.0	152.1	160.3	−5.1	14.3	40,500	31.12.86
90	(79)	Saatchi & Saatchi	1,052.6	41	33	2,087.0	1,307.4	59.6	70.1	40.4	73.5	76.6	9,774	30.9.86
91	(67)	Sedgwick Group	1,049.1	67	—	N/R	N/R	—	135.5	124.3	9.0	39.1	12,985	31.12.86
92	(73)	Royal Bank of Scotland	1,040.5	62	—	N/R	N/R	—	184.5	166.3	10.9	26.0†	18,105	30.9.86
93	(92)	Granada Group	1,000.9	29	93	841.4	767.3	9.6	92.4	64.4	43.4	23.9	19,263	27.9.86
94	(88)	Burmah Oil	974.0	51	70	1,322.0	1,457.9	−9.3	105.9	79.6	33.0	22.3	11,466	31.12.86
95	(140)	Rothmans International	963.2	48	59	1,495.3	1,467.0	1.9	195.5	93.9	108.2	20.8	18,629	31.3.87
96	(84)	Lonrho	960.7	91	26	2,651.0	2,586.2	2.5	165.1	158.3	4.3	16.9	115,621	30.9.86
97	(93)	Amstrad	948.6	5	173	304.2	136.1	123.5	75.3	20.2	272.7	178.5	526	30.6.86
98	(90)	English China Clays	946.6	10	109	688.6	713.9	−3.5	90.4	74.6	21.1	17.2	12,524	30.9.86
99	(68)	Jaguar	946.0	9	95	830.4	746.5	11.2	120.8	121.3	−0.4	53.5	11,324	31.12.86
100	(91)	Unigate	938.7	25	37	1,970.5	1,920.8	2.5	104.7	82.8	26.4	26.5	33,688	31.3.87

101-150

Ranking 1987	Ranking 1986	Company	Market cap. £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Number of employees	Year end
101	(100)	RMC Group	922.9	2	53	1,633.5	1,369.8	19.7	108.5	79.7	36.1	20.5	19,316	31.12.86
102	(104)	Metal Box	889.5	31	78	1,137.7	1,114.3	2.1	82.2	65.8	24.9	22.2	26,090	31.03.87
103	(77)	GKN	878.4	9	34	2,059.4	2,199.6	−6.3	132.4	132.7	−0.2	17.1	44,914	31.12.86
104	(105)	Dalgety	855.7	25	10	4,910.0	3,943.0	24.5	75.0	72.3	3.7	25.1	20,098	30.06.86
105	(86)	Lucas Industries	852.4	9	54	1,619.2	1,498.9	8.0	95.2	57.8	64.7	26.5	64,087	31.07.86
106	(182)	Enterprise Oil	845.7	51	243	142.2	266.3	−46.6	2.9	111.1	−97.3	3.2	129	31.12.86
107	(147)	Next	840.7	34	211	190.0	146.0	30.1	27.7	20.1	37.8	18.5	8,398	31.08.86
108	(120)	United Newspapers	825.4	32	117	620.3	312.3	98.6	56.6	34.9	62.1	32.7	13,418	31.12.86
109	(122)	Harrisons & Crosfield	823.1	91	66	1,411.0	1,416.0	−0.3	63.0	62.1	1.4	13.0	26,383	31.12.86
110	(125)	Associated Newspapers Holdings	822.6	32	130	519.9	424.5	22.4	46.0	41.9	9.7	14.8	12,750	30.09.86
111	(106)	BICC	808.1	4	38	1,968.0	1,969.2	−0.0	101.0	92.0	9.7	23.2	45,595	31.12.86
112	(99)	Scottish & Newcastle Breweries	806.0	22	96	827.5	773.6	6.9	90.5	75.1	20.2	15.6	22,092	*03.05.87
113	(129)	Slough Estates	800.8	69	—	N/R	N/R	—	49.6	39.5	25.5	8.2	354	31.12.86
114	(103)	IMI	773.6	8	98	780.3	766.2	1.8	73.3	57.8	26.8	21.5	21,359	31.12.86
115	(112)	Abbey Life	751.8	65	—	N/R	N/R	—	24.7	19.8	24.7	N/R	1,970	31.12.86
116	(111)	Bank of Scotland	746.8	62	—	N/R	N/R	—	118.5	95.2	24.4	16.9†	12,074	28.02.87
117	(157)	T & N	743.8	10	127	540.8	535.1	1.0	44.7	39.6	12.8	17.9	28,694	*31.12.86
118	(154)	Rosehaugh	740.4	70	—	N/R	N/R	—	6.6	2.7	144.4	10.9	98	30.06.86
119	(123)	Ultramar	725.3	51	61	1,466.2	1,742.8	−15.8	73.6	273.8	−73.1	13.8	4,116	*31.12.86
120	(102)	Wimpey (George)	725.0	3	64	1,422.0	1,551.0	−8.3	66.5	46.9	41.7	13.0	28,500	31.12.86
121	(114)	Laporte Industries	723.9	42	177	270.6	240.3	12.6	64.2	55.8	15.0	29.1	4,061	28.12.86
122	(115)	Pearl Group	721.8	65	—	N/R	N/R	—	38.8	28.5	36.1	N/R	8,690	31.12.86
123	(148)	Siebe	719.8	48	111	675.2	370.6	82.1	62.1	33.3	86.4	27.0	16,225	04.04.87
124	(134)	Beazer C.H. Holdings	718.6	3	131	507.1	192.3	163.7	31.1	15.8	96.8	31.3	7,498	30.06.86
125	(131)	Berisford S & W	718.0	25	4	9,696.5	7,291.8	32.9	148.3	53.0	179.8	29.5	10,898	30.09.86
126	(119)	Sun Life Assurance Society	706.8	65	—	N/R	N/R	—	34.9	18.8	85.6	N/R	2,565	31.12.86
127	(95)	Smiths Industries	705.7	6	153	401.2	383.0	4.7	56.5	47.6	18.7	29.8	11,610	02.08.86
128	(127)	Smith W.H. & Son	687.7	34	58	1,526.6	1,281.6	19.1	63.8	49.2	29.7	30.3	28,423	31.05.87
129	(116)	Warburg S.G. Group	681.5	68	—	N/R	N/R	—	98.0	91.8	6.7	32.6	2,164	*31.03.87
130	(126)	Taylor Woodrow	675.0	3	101	742.3	739.4	0.3	57.6	53.7	7.2	12.3	9,046	31.12.86
131	(87)	Willis Faber	671.2	67	—	N/R	N/R	—	74.8	64.1	16.6	48.2	3,548	31.12.86
132	(156)	Pentland Industries	666.8	48	144	437.1	195.6	123.4	77.3	29.9	158.5	186.2	1,893	31.12.86
133	(98)	Northern Foods	660.8	25	67	1,348.2	1,514.0	−10.9	73.2	67.4	11.5	22.3	27,499	*31.03.87
134	(183)	British Land	656.7	69	—	N/R	N/R	—	30.1	21.1	42.6	11.7	1,371	31.03.87
135	(—)	Calor Group	652.9	51	161	354.3	409.7	−13.5	70.3	73.2	−3.9	27.0	3,749	*31.03.87
136	(128)	De La Rue	652.4	32	143	444.1	309.9	43.3	55.6	49.4	12.5	24.2	10,898	31.03.87
137	(158)	Magnet	636.0	2	149	318.7	247.6	28.7	44.2	26.0	70.0	22.7	6,354	31.03.87
138	(141)	Kwik Save Group	629.5	26	99	762.9	696.3	9.5	42.2	36.0	17.2	39.0	6,892	30.08.86
139	(318)	Mountleigh Group	628.8	69	—	N/R	N/R	—	33.6	9.2	265.2	34.6	77	30.04.87
140	(121)	Rothschild J. Holdings	627.7	70	—	N/R	N/R	—	100.9	80.4	25.5	13.2	495	31.03.87
141	(152)	Inchcape	626.2	91	36	1,997.2	1,828.5	9.2	86.1	46.2	86.3	18.2	45,888	31.12.86
142	(127)	Booker	620.8	25	73	1,263.1	1,188.1	6.3	54.6	46.5	17.4	34.4	13,647	31.12.86
143	(118)	Wolseley	619.3	2	103	739.1	527.1	40.2	90.3	31.5	39.6	37.5	8,246	31.07.86
144	(138)	Tate & Lyle	618.4	25	52	1,645.3	1,626.7	1.1	81.5	76.7	6.2	19.3	12,515	27.09.86
145	(109)	Ferranti	599.6	5	115	628.7	595.8	5.5	50.2	41.1	22.1	22.3	21,774	31.03.87
146	(124)	Dowty Group	594.5	6	122	573.5	518.8	10.5	55.7	47.6	17.0	18.2	16,042	31.03.87
147	(—)	Morgan Grenfell	583.0	68	—	N/R	N/R	—	82.2	68.8	19.4	36.0	1,802	31.12.86
148	(168)	Johnson Matthey	543.1	8	75	1,221.6	1,159.8	5.3	50.5	30.1	67.7	17.9	7,454	31.03.87
149	(108)	Kleinwort Benson Lonsdale	535.0	68	—	N/R	N/R	—	78.8	60.3	30.6	N/R	2,402	31.12.86
150	(145)	Glynwed International	528.9	8	138	478.9	464.1	3.1	46.1	35.6	29.4	32.5	11,120	27.12.86

151-200

Ranking 1987	Ranking 1986	Company	Market cap. £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Number of employees	Year end
151	(193)	Associated British Ports	526.2	45	294	150.8	138.2	9.1	26.0	17.2	51.1	15.9	6,355	31.12.86
152	(132)	Harris Queensway Group	524.3	34	121	592.2	498.6	—	50.1	36.9	—	43.9	11,299	*25.1.87
153	(133)	Vickers	521.3	6	108	691.8	611.2	13.1	54.0	45.1	19.7	21.2	15,871	31.12.86
154	(153)	Bowater Industries	517.7	31	68	1,340.3	1,287.0	4.1	48.0	32.4	48.1	15.0	22,000	31.12.86
155	(139)	Electrocomponents	516.7	5	181	243.0	199.7	21.6	40.5	35.2	15.0	49.2	2,463	31.3.87
156	(228)	London & Scot Marine Oil	513.5	51	216	183.8	348.0	−47.1	4.4	118.0	−96.2	6.1	301	31.12.86
157	(166)	Carlton Communications	513.5	41	337	98.3	38.1	53.0	18.8	12.0	56.6	66.7	890	30.9.86
158	(237)	Hazlewood Foods	508.6	25	212	189.2	123.1	53.7	18.6	11.1	67.5	37.2	4,831	31.3.87
159	(149)	Norcros	497.1	10	119	607.2	601.8	0.9	53.2	45.1	17.9	32.6	13,478	31.3.87
160	(155)	DRG	493.4	31	110	680.2	625.0	8.8	41.2	31.2	32.0	22.6	14,065	31.12.86
161	(173)	Marley	491.1	2	125	556.6	−6.9	94.2	24.6	39.0	17.4	11,368	*31.12.86	
162	(144)	Dawson International	490.9	35	165	334.4	285.2	17.2	46.7	42.1	10.9	26.7	10,811	31.3.87
163	(169)	Great Portland Estates	486.8	69	—	N/R	N/R	—	21.1	18.7	12.8	7.1	N/A	31.3.87
164	(142)	Hambros	476.1	68	—	N/R	N/R	—	60.8	43.4	40.0	34.8	4,118	31.3.87
165	(150)	Hepworth Ceramic Holdings	470.7	2	157	362.4	365.8	−0.9	41.0	33.5	22.3	20.8	7,289	31.12.86
166	(186)	Octopus Publishing Group	468.1	32	228	158.6	138.3	14.6	26.0	20.4	27.4	46.5	1,801	31.12.86
167	(137)	Salvesen (Christian)	468.0	25	205	204.8	295.0	−30.5	42.0	38.8	8.2	21.2	5,865	31.3.87
168	(130)	Costain Group	463.7	3	102	739.6	805.0	−8.1	64.3	60.6	6.1	19.5	11,817	31.12.86
169	(143)	Hill Samuel Group	452.7	68	—	N/R	N/R	—	61.8	(61.5)	200.8	N/R	5,212	*31.3.87
170	(161)	Steetley	446.4	10	148	418.8	408.7	2.4	46.1	36.8	25.2	21.8	6,265	31.12.86
171	(163)	Delta Group	442.5	6	129	533.6	555.8	−3.9	57.8	50.6	14.2	26.4	15,175	3.1.87
172	(175)	First National Finance	438.3	70	—	N/R	N/R	—	36.4	22.1	64.7	22.0	926	*31.10.86
173	(—)	Avis Europe	435.6	41	187	235.0	197.0	19.2	34.2	25.3	35.1	26.0	3,534	*28.2.87
174	(167)	Charter Consolidated	434.3	10	132	505.9	567.1	−10.7	42.2	28.8	46.5	12.1	13,960	31.3.87
175	(151)	TI Group	433.3	6	84	1,043.6	997.1	4.6	43.4	30.6	41.8	18.0	25,400	31.12.86
176	(205)	Britannia Arrow Holdings	430.8	70	—	N/R	N/R	—	29.5	19.7	49.7	22.5	1,499	31.12.86
177	(—)	Contibel Holdings	424.3	70	386	18.2	19.2	—	24.4	25.7	—	N/A	638	*31.12.86
178	(206)	Polly Peck International	422.9	91	174	273.7	205.5	33.1	70.4	61.1	15.2	48.4	3,456	30.8.86
179	(412)	Ratners Group	421.5	34	229	158.2	44.8	—	22.5	4.3	—	168.9	3,643	*3.1.87
180	(160)	Ward White Group	420.4	34	123	559.6	341.0	64.1	41.3	26.0	58.8	26.2	15,446	31.1.87
181	(146)	BBA Group	419.6	9	190	229.5	553.2	−58.5	26.6	13.1	103.0	31.8	14,878	31.12.86
182	(265)	Atlantic Computers	414.9	5	168	320.1	183.1	74.8	21.6	14.9	44.9	36.2	630	31.12.86
183	(171)	London International Group	411.6	27	180	252.1	225.3	11.9	27.1	24.1	12.4	32.8	8,218	31.3.87
184	(188)	Ocean Transport & Trading	408.6	45	97	827.0	766.9	7.8	37.2	31.9	16.6	17.7	7,878	31.12.86
185	(180)	Rentokil Group	405.2	42	223	166.9	148.3	12.5	31.3	26.0	20.3	47.2	9,184	31.12.86
186	(159)	Lex Service Group	404.4	9	80	1,111.3	1,041.3	6.7	26.6	23.6	12.7	15.0	5,975	28.12.86
187	(218)	MAI	402.3	70	—	N/R	N/R	—	40.0	27.4	46.0	68.4	3,083	30.6.86
188	(326)	Fisher (Albert)	400.8	26	274	116.0	84.9	36.6	8.4	3.8	121.0	25.4†	829	31.8.86
189	(176)	Barratt Developments	400.6	3	142	444.3	538.4	−17.4	25.4	4.1	519.5	10.8	3,900	30.6.86
190	(192)	Allied Colloids Group	395.4	42	242	142.8	119.8	19.2	29.2	19.5	49.7	40.4	1,730	28.3.87
191	(213)	APV Baker	395.3	6	149	416.8	409.1	1.8	27.5	15.0	83.3	19.8	8,596	*31.12.86
192	(185)	Meyer International	391.4	2	118	616.3	565.4	9.0	45.1	32.1	40.5	22.0	8,808	31.3.87
193	(156)	Freemans	390.9	34	151	405.4	362.6	11.8	32.4	28.0	15.7	28.7	5,981	31.1.87
194	(197)	Caledonia Investments	387.2	70	—	N/R	N/R	—	10.1	8.4	20.2	2.7	303	31.3.87
195	(274)	Transport Development Group	385.7	45	126	543.2	481.5	12.8	39.4	29.7	32.6	20.4	12,827	31.12.86
196	(235)	Ashley (Laura)	377.2	34	222	170.9	131.5	29.9	22.5	18.0	25.0	30.5	5,749	31.1.87
197	(286)	Williams Holdings	376.5	10	201	206.2	100.9	104.3	22.9	6.3	263.4	20.7	5,640	31.12.86
198	(189)	Savoy Hotel	375.2	29	330	64.8	60.0	8.0	12.1	10.7	13.0	26.4	24,605	31.12.86
199	(191)	Rugby Group	373.6	2	170	313.3	252.2	24.2	35.5	21.9	62.1	16.9	4,762	31.12.86
200	(164)	Equity & Law Life Ass Soc	370.5	65	—	N/R	N/R	—	8.1	6.8	19.1	N/R	2,389	31.12.86

201-250

Ranking 1987	Ranking 1986	Company	Market cap. £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Number of employees	Year end
201	(200)	Daily Mail & General Trust	369.1	70	—	N/R	N/R	—	26.4	24.7	6.8	12.7	12	30.09.86
202	(223)	Wates City of London Prop	367.7	69	—	N/R	N/R	—	8.3	4.0	107.5	6.7	19	31.12.86
203	(199)	London & Manchester Group	360.0	65	—	N/R	N/R	—	9.4	6.6	42.4	N/R	2,063	*31.12.86
204	(201)	Wilson (Connolly) Holdings	353.0	3	275	115.4	90.3	27.8	26.3	20.3	29.5	30.6	709	31.12.86
205	(170)	Morgan Crucible	352.9	10	183	242.1	211.5	14.4	24.8	18.7	32.6	21.2	7,800	28.12.86
206	(222)	Mount Charlotte Investments	344.5	29	329	64.9	60.3	7.6	18.6	16.1	15.5	15.8	3,579	28.12.86
207	(196)	Coalite Group	337.1	42	135	492.9	444.9	10.7	43.0	39.4	9.1	26.1	6,201	31.03.87
208	(283)	Tomkins	334.7	6	200	207.1	63.4	226.7	30.1	7.4	306.8	83.1	5,357	02.05.87
209	(214)	Greycoat Group	331.2	69	—	N/R	N/R	—	9.1	4.6	97.8	4.8	57	31.03.87
210	(411)	Coloroll	327.9	48	276	115.2	60.8	89.4	10.3	6.2	66.1	42.0	2,931	31.03.87
211	(212)	Dunhill Holdings	327.6	48	293	151.5	129.5	16.9	24.8	20.1	23.3	28.7	1,683	31.03.87
212	(207)	Pleasurama	327.5	29	210	192.8	160.1	19.8	42.3	37.5	12.8	25.1	5,669	28.12.86
213	(181)	Laing (John)	323.4	3	92	864.4	782.6	10.4	38.1	34.1	11.7	30.7	12,500	31.12.86
214	(172)	Mowlem (John)	322.0	3	114	636.0	434.0	53.6	30.1	13.1	129.7	43.9	10,969	31.12.86
215	(332)	Blue Arrow	322.0	41	296	97.1	34.1	184.7	8.7	2.2	295.4	27.4†	6,997	31.10.86
216	(221)	Minet Holdings	317.8	67	—	N/R	N/R	—	36.2	30.0	20.6	66.3	2,954	31.12.86
217	(298)	Henderson Administration Grp.	313.4	70	—	N/R	N/R	—	26.4	17.2	53.4	103.1	309	31.03.87
218	(245)	U.E.I.	310.9	5	277	115.0	95.5	20.4	17.0	13.1	29.7	34.8	1,969	31.01.87
219	(178)	Bowthorpe Holdings	308.3	5	259	145.5	125.9	15.5	28.0	23.2	20.6	38.9	3,403	31.12.86
220	(187)	Schroders	307.7	68	—	N/R	N/R	—	21.0	16.3	28.8	N/R	1,030	31.12.86
221	(227)	FR Group	306.0	6	281	99.1	87.9	12.7	16.8	13.3	26.3	35.3	2,693	31.12.86
222	(285)	EMAP	302.4	32	271	116.6	101.4	14.9	15.0	10.2	47.0	33.9	2,644	04.04.87
223	(190)	Mercantile House Holdings	301.7	70	—	N/R	N/R	—	42.0	75.4	−44.3	78.0	3,783	30.04.87
224	(195)	Greenall Whitley & Company	299.1	22	158	387.4	362.4	6.9	35.3	30.7	14.9	12.6	17,021	26.09.86
225	(216)	Amersham International	299.1	27	236	148.5	119.8	23.9	22.1	17.6	25.5	28.6	2,946	31.03.87
226	(206)	Farnell Electronics	298.6	5	292	98.3	85.8	14.5	33.4	22.1	51.1	41.5	1,682	01.02.87
227	(198)	Babcock International	295.9	6	76	1,217.6	1,098.9	10.8	37.1	34.5	7.5	15.8	25,806	28.12.86
228	(219)	Morrison William Supermarkets	294.8	26	146	423.3	368.0	15.0	21.2	15.7	35.0	36.7	8,464	31.01.87
229	(211)	Scapa Group	293.9	10	189	229.8	202.3	13.5	34.3	30.9	11.0	23.4	6,252	31.03.87
230	(—)	Virgin Group	291.9	29	214	188.6	243.6	−22.5	19.1	19.7	−3.0	29.5	1,690	*31.07.86
231	(190)	Guinness Peat Group	290.0	68	—	N/R	N/R	—	18.0	17.6	2.2	12.6	1,046	30.09.86
232	(249)	London & Edinburgh Trust	288.2	69	—	N/R	N/R	—	15.1	9.2	64.1	26.9	83	31.12.86
233	(225)	Tootal Group	288.0	35	150	408.4	388.0	5.2	30.2	27.4	10.2	21.9	13,351	31.01.87
234	(252)	Stakis	282.8	29	265	123.3	143.0	−13.7	15.4	13.3	15.7	14.3	5,687	28.09.86
235	(273)	McCarthy & Stone	279.5	3	327	67.2	37.9	77.3	16.1	9.6	67.7	32.0	1,270	31.08.86
236	(202)	Bejam Group	273.4	26	152	402.3	338.7	18.8	19.7	19.2	2.6	42.6	6,058	28.06.86
237	(260)	London Merchant Securities	272.5	69	—	N/R	N/R	—	16.8	17.2	−2.3	7.8	61	31.03.87
238	(279)	VG Instruments	272.0	5	307	86.6	66.1	31.0	20.1	14.3	40.5	92.5	1,694	31.12.86
239	(241)	Laing Properties	270.7	69	—	N/R	N/R	—	17.7	15.5	14.1	8.7	574	31.12.86
240	(315)	Security Services	270.6	48	171	309.9	270.7	14.6	12.7	10.8	17.5	21.0	32,554	30.09.86
241	(264)	Collins (William) & Sons	270.3	32	241	144.4	121.3	19.0	15.5	13.1	18.3	25.6	3,061	28.12.86
242	(262)	[illegible]	269.5	2	238	130.9	116.5	12.3	18.5	11.4	62.2	25.9	2,540	31.12.86
243	(234)	M & G Group	267.0	70	—	N/R	N/R	—	15.5	10.1	53.4	47.1	380	30.09.86
244	(209)	Fitch Lovell	266.8	26	141	457.7	462.2	−0.7	23.1	19.7	17.2	28.7	7,478	25.04.87
245	(210)	Refuge Group	264.3	65	—	N/R	N/R	—	8.2	7.4	10.8	N/R	3,621	31.12.86
246	(229)	Powell Duffryn	263.9	45	124	559.2	637.6	−12.3	27.0	22.1	22.1	19.0	8,328	31.03.87
247	(350)	Smith (David S.)	263.8	31	206	201.2	38.4	423.9	24.2	6.2	290.3	28.1†	3,678	30.04.87
248	(232)	Croda International	263.4	42	164	342.7	407.2	−15.8	27.1	22.9	18.3	23.6	5,194	28.12.86
249	(248)	Menzies John (Holdings)	263.9	34	120	395.7	346.9	8.5	22.7	19.5	16.4	34.5	9,526	31.01.87
250	(230)	Stewart Wrightson Holdings	259.9	67	—	N/R	N/R	—	21.5	18.7	14.9	33.5	2,703	31.12.86

251-300

Ranking 1987	Ranking 1986	Company	Market cap. £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Number of employees	Year end
251	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
252–300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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Financial Times TOP 500 1987

301-350

Ranking 1987	Ranking 1986	Company	Market cap. £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Number of employees	Year end
301	(—)	Brown (N.) Group	192.0	34	319	73.4	57.4	27.8	9.2	6.1	50.8	39.5	883	28.02.87
302	(364)	B.S.G. International	190.8	9	139	475.5	356.0	33.5	11.8	6.5	81.5	25.7	5,284	31.12.86
303	(278)	First Leisure Corporation	190.5	29	335	59.1	47.5	24.4	12.7	10.1	25.7	26.4	3,103	31.10.86
304	(263)	Bradford Property Trust	190.1	69	—	N/R	N/R	—	15.4	11.9	29.4	30.5	89	05.04.87
305	(302)	Paterson Zochonis	189.8	27	184	241.7	276.6	−12.6	42.3	38.6	9.5	23.5	3,612	31.05.86
306	(—)	VSEL Consortium	189.0	6	158	362.2	323.0	—	15.0	2.4	—	5.0	14,232	31.03.87
307	(343)	Triton Europe	188.9	51	369	34.8	15.7	121.7	13.5	8.9	51.7	41.0	70	31.05.86
308	(386)	Kwik-Fit (Tyres & Exhausts)	188.3	9	287	102.6	83.8	22.4	11.1	6.6	68.1	28.6	1,892	28.02.87
309	(—)	Geest	186.6	26	147	421.0	371.9	13.2	8.5	5.9	44.0	15.4	3,840	*03.01.87
310	(250)	Provident Financial Group	184.4	70	—	N/R	N/R	—	22.3	23.7	−5.9	17.1	5,558	31.12.86
311	(403)	Berkeley Group	183.8	3	342	52.9	31.8	66.3	8.6	3.8	126.3	48.9	214	30.04.87
312	(335)	Abaco Investments	183.0	70	—	N/R	N/R	—	1.3	0.7	85.7	12.2	125	30.06.86
313	(431)	London United Investments	180.9	66	—	N/R	N/R	—	15.8	9.4	68.0	N/R	135	31.12.86
314	(261)	MK Electric Group	179.9	4	244	140.9	128.5	9.6	19.6	17.7	10.7	29.0	4,978	28.03.87
315	(424)	Lynton Prop. & Reversionary	178.3	69	—	N/R	N/R	—	5.2	5.0	4.0	3.4	54	31.03.87
316	(309)	Bullough	177.9	6	268	120.2	105.4	14.0	15.9	12.4	28.2	41.2	3,069	31.10.86
317	(371)	Attwoods	176.0	48	340	56.4	35.5	58.8	7.4	5.2	42.3	34.5	887	*31.07.86
318	(—)	Mecca Leisure	175.4	29	261	128.6	123.9	3.7	7.5	5.8	29.3	19.2	7,502	*30.09.86
319	(259)	Automated Security (Holdings)	173.3	48	343	51.9	37.6	38.0	12.4	8.7	42.5	26.0	2,068	30.11.86
320	(277)	Oxford Instruments Group	173.2	5	289	100.0	100.7	−0.7	19.7	18.4	7.0	44.8	1,327	†29.03.87
321	(341)	Christies International	172.7	41	322	70.3	64.1	9.6	18.4	12.3	49.5	39.2	1,163	31.12.86
322	(304)	Davy Corporation	172.3	6	106	711.8	594.2	19.7	20.2	16.3	23.9	17.5	9,344	31.03.87
323	(292)	Bilton (Percy)	170.0	69	—	N/R	N/R	—	11.5	10.7	7.4	9.4	337	31.12.86
324	(327)	Logica	169.8	5	313	79.7	60.1	32.6	6.8	5.0	36.0	28.7	2,340‡	30.06.86
325	(296)	Hall (Matthew)	165.9	6	133	503.5	432.7	16.3	18.0	16.1	11.8	22.9	9,497	31.12.86
326	(340)	Greene, King & Sons	164.2	22	298	93.9	90.2	4.1	12.5	11.2	11.6	11.9	1,749	03.05.87
327	(299)	LEP Group	163.3	45	250	135.4	107.1	26.4	8.9	9.1	−2.2	26.8	4,051	31.12.86
328	(281)	Daejan Holdings	163.0	69	—	N/R	N/R	—	18.3	15.0	22.0	18.6	159	31.03.87
329	(376)	Microgen Holdings	162.8	41	378	26.4	23.1	14.2	7.2	5.1	41.1	143.9	498	31.10.86
330	(317)	Baird (William)	161.3	35	179	252.5	244.0	3.4	18.7	14.6	28.0	18.0	11,699	31.12.86
331	(324)	Peachey Property Corporation	161.1	69	—	N/R	N/R	—	10.2	10.3	−0.9	9.8	44	24.06.86
332	(274)	Nurdin & Peacock	160.9	26	94	839.3	727.8	15.3	17.6	15.7	12.1	26.4	3,053	03.01.87
333	(—)	WCRS Group	160.5	41	159	358.6	56.1	539.2	10.1	2.6	288.4	90.9‡	1,199	30.04.87
334	(311)	Cray Electronic Holdings	158.5	5	355	43.3	35.6	21.6	6.3	4.2	50.0	36.9	1,559	*03.05.86
335	(441)	Body Shop International	158.0	34	387	17.4	9.4	85.1	3.5	1.9	84.2	143.1	249	30.09.86
336	(275)	Etam	154.7	34	315	79.4	71.2	11.5	12.3	12.1	1.6	58.9	2,303	31.01.87
337	(289)	Lovell Y. J. (Holdings)	154.2	3	178	267.0	238.5	11.9	12.3	9.0	36.6	23.1	2,907	30.09.86
338	(—)	Peek Holdings	153.9	48	395	4.7	2.8	67.8	0.1	(0.6)	116.6	12.4	147	31.12.86
339	(443)	No-Swift Industries	150.9	10	259	129.3	33.3	288.2	14.7	6.3	133.3	214.1	3,027	31.12.86
340	(307)	Sketchley	150.1	48	256	131.6	153.1	−14.0	10.9	11.6	−6.0	16.1	10,008	27.03.87
341	(271)	Gerrard & National	149.4	70	—	N/R	N/R	—	11.2	10.1	10.8	N/A	237	*05.04.87
342	(419)	Heywood Williams	148.9	2	245	138.0	102.1	35.1	7.8	5.5	41.8	36.9	3,199	31.12.86
343	(468)	Wardle Storeys	148.6	42	349	49.9	40.5	23.2	5.6	4.0	40.0	35.9	1,356	31.08.86
344	(388)	United Scientific Holdings	148.3	6	269	117.9	116.0	1.6	3.2	10.1	−68.3	8.9	3,209	30.09.86
345	(290)	Brown (Matthew)	148.0	22	339	56.6	53.6	5.6	10.1	8.2	23.1	14.2	2,100	27.09.86
346	(439)	Horne Robert	143.4	31	254	132.0	123.0	7.3	10.6	8.6	23.2	42.8	713	30.09.86
347	(346)	Hickson International	142.5	42	226	161.5	148.0	9.1	15.1	13.1	15.2	22.0	3,025	31.12.86
348	(—)	Imry International	141.5	69	—	N/R	N/R	—	2.1	1.3	—	15.5	561	*31.03.87
349	(467)	Sheraton Secs. International	141.3	69	—	N/R	N/R	—	4.7	2.3	104.3	17.4	18	31.03.87
350	(352)	Property Security Invest. Tst	141.1	69	—	N/R	N/R	—	5.6	5.4	3.7	8.0	40	31.03.87

351-400

Ranking 1987	Ranking 1986	Company	Market cap. £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Number of employees	Year end
351	(418)	LWT (Holdings)	139.7	29	230	157.8	159.5	−1.0	13.7	8.3	65.0	27.6	1,913	27.7.86
352	(—)	Cannon Street Investments	139.7	43	375	30.2	16.5	83.0	3.1	0.9	244.4	37.2	377	31.12.86
353	(258)	Diploma	138.7	5	301	93.2	92.3	0.9	12.5	15.5	−19.3	26.7	1,249	30.9.86
354	(—)	Acatos and Hutcheson	137.5	25	213	188.9	266.8	−29.2	7.2	4.0	80.0	22.9	926	*28.9.86
355	(303)	Asprey	137.2	34	341	53.9	51.8	4.0	13.5	10.9	23.8	33.4	309	31.3.87
356	(385)	Spyhawk	137.1	69	—	N/R	N/R	—	6.1	3.4	79.4	42.7	274	30.9.86
357	(401)	Newman Tonks Group	136.8	2	309	85.4	78.6	8.6	8.3	6.5	27.6	26.1	2,926	31.10.86
358	(—)	GT Management	136.7	70	—	N/R	N/R	—	13.0	7.0	85.7	72.1	327	31.3.87
359	(434)	Pentos	136.5	34	332	63.2	51.2	23.4	5.0	3.0	66.6	45.8	1,579	31.12.86
360	(316)	Staveley Industries	136.2	10	207	199.3	175.9	13.3	14.2	10.8	31.4	22.4	5,039	28.3.87
361	(267)	Spirax-Sarco Engineering	136.2	6	297	94.7	85.8	10.3	16.9	16.2	4.3	26.6	2,789	31.12.86
362	(320)	Chesterfield Properties	135.1	69	—	N/R	N/R	—	8.2	7.5	9.3	5.2	131	31.12.86
363	(—)	Norfolk Capital Group	134.0	29	391	13.4	15.1	—	1.4	1.3	—	4.8	773	*31.12.86
364	(—)	Rivlin	133.3	69	—	N/R	N/R	—	0.8	1.2	—	5.8	10	*31.12.86
365	(255)	Brammer	133.0	6	286	102.9	101.1	1.7	12.6	13.6	−7.3	33.9	1,400	31.12.86
366	(276)	Boddington Group	132.3	22	306	87.2	72.9	19.6	14.4	11.8	22.0	14.0	3,802	3.1.87
367	(323)	Marston Thompson Evershed	131.8	22	320	72.2	69.6	3.7	11.4	10.2	11.7	14.2	1,442	28.3.87
368	(305)	Peel Holdings	130.6	69	—	N/R	N/R	—	8.1	5.4	50.0	10.2	99	31.3.87
369	(478)	Clyde Petroleum	130.0	51	383	22.5	22.5	—	(1.0)	8.6	−111.6	0.6	75	31.12.86
370	(399)	Television South	129.5	29	246	137.7	111.4	23.6	14.4	8.9	61.8	43.7	976	31.10.86
371	(322)	Unitech	128.6	5	195	215.9	198.3	8.8	13.6	10.7	27.1	23.5	3,255	30.5.87
372	(353)	Lee International	128.5	29	359	38.1	23.4	62.8	6.9	5.0	38.0	17.4‡	847	31.5.86
373	(362)	Central Independent TV	127.9	29	208	195.2	165.0	18.3	16.6	11.9	39.5	42.8	2,104	31.12.86
374	(288)	Ansbacher (Henry) Holdings	127.7	68	—	N/R	N/R	—	5.6	2.7	—	12.5	319	*31.12.86
375	(421)	Hestair	127.0	43	251	135.2	119.3	13.3	7.3	4.1	78.0	35.1	2,929	*31.1.87
376	(—)	Cowie (T.)	126.8	9	194	217.0	217.7	−0.3	8.2	4.1	100.0	25.3	1,736	31.12.86
377	(—)	Belhaven	125.9	29	388	16.7	13.0	28.4	1.1	1.5	−26.6	11.8	220	31.3.87
378	(—)	Clayform Properties	125.8	69	—	N/R	N/R	—	5.0	2.6	92.3	30.6	990	31.12.86
379	(—)	Cambridge Instruments	125.5	5	272	116.5	57.7	101.9	7.7	4.9	57.1	25.9	3,161	*31.2.87
380	(—)	Sandell Perkins	125.3	2	278	113.2	92.8	21.9	9.9	6.9	43.4	34.7	1,519	31.3.87
381	(373)	London Shop Property Trust	124.9	69	—	N/R	N/R	—	8.4	7.3	15.0	9.2	125	30.4.87
382	(358)	Eurotherm International	124.8	5	298	99.4	81.0	22.7	9.4	9.0	4.4	26.0	2,160	31.10.86
383	(339)	Union Discount (London)	124.4	70	—	N/R	N/R	—	10.8	1.1	881.8	N/R	128	*31.12.86
384	(427)	Chloride Group	124.3	4	175	273.4	309.7	−11.7	17.0	0.5	3,300.0	15.6	10,511	31.3.87
385	(405)	Westpool Investment Trust	124.0	70	—	N/R	N/R	—	2.8	2.5	12.0	2.5	5	30.4.86
386	(410)	Higgs and Hill	123.9	3	185	238.8	206.3	15.7	12.2	10.8	12.9	17.5	1,934	*31.12.86
387	(383)	Travis and Arnold	123.6	2	221	174.5	150.1	16.2	12.2	8.2	48.7	19.8	2,549	31.12.86
388	(445)	Coates Brothers	123.2	42	209	194.4	189.0	2.8	14.3	11.5	24.3	17.0	3,540	31.12.86
389	(—)	Wilson Bowden	122.7	3	328	65.0	55.4	17.3	8.3	6.1	36.0	21.8	535	*31.12.86
390	(435)	BTP	120.8	42	334	61.0	49.6	22.9	5.9	4.3	37.2	25.9	965	31.3.87
391	(—)	London and Metropolitan	120.4	69	—	N/R	N/R	—	5.7	3.8	50.0	34.6	25	*31.12.86
392	(—)	WPP Group	120.2	41	382	23.7	4.0	492.5	1.8	0.4	350.0	66.1	426	31.12.86
393	(—)	Tops Estates	120.0	69	—	N/R	N/R	—	0.3	0.1	200.0	6.9	4	31.3.87
394	(321)	Scottish Metropolitan Props	119.9	69	—	N/R	N/R	—	7.1	6.7	5.9	6.6	24	15.8.86
395	(—)	Dares Estates	119.6	69	—	N/R	N/R	—	0.7	0.0	—	14.6	20	31.12.86
396	(314)	Halma	119.3	4	363	36.9	31.2	18.2	6.5	5.3	22.6	55.9	1,046	28.3.87
397	(—)	Church (Charles) Devs	119.2	3	353	44.9	34.0	32.0	6.2	6.3	−1.5	N/A	125	*31.8.86
398	(374)	Iceland Frozen Foods Hldgs	119.1	26	273	116.5	82.3	41.5	5.1	3.8	34.2	39.2	1,750	*3.1.87
399	(334)	International City Holdings	119.0	70	—	N/R	N/R	—	13.1	10.6	23.5	167.0	713	31.7.86
400	(—)	Parkfield Group	118.0	6	370	34.7	32.5	6.7	2.4	1.2	100.0	30.9	1,108	*30.5.86

401-450

Ranking 1987	Ranking 1986	Company	Market cap. £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Number of employees	Year end
401	(—)	Photo-Me International	117.6	29	338	56.7	48.0	18.1	6.9	5.5	25.4	36.2	1,188	30.04.86
402	(472)	Avon Rubber	117.3	9	202	206.1	198.1	4.0	6.1	4.5	35.5	22.2	5,198	27.09.86
403	(349)	Warner Estate Holdings	116.9	69	—	N/R	N/R	—	3.9	3.5	11.4	5.2	157	30.09.86
404	(398)	Hewden-Stuart Plant	116.3	3	270	117.2	108.2	8.3	9.4	7.2	30.5	19.7	2,648	01.02.87
405	(395)	Frogmore Estates	114.8	69	—	N/R	N/R	—	11.1	10.2	8.8	14.3	74	30.06.86
406	(400)	Marshalls Halifax	114.7	2	308	86.6	69.3	24.9	9.7	7.2	34.7	21.4	1,896	31.03.87
407	(409)	Westland	114.2	6	163	344.4	308.4	11.6	26.4	(95.3)	127.7	19.7	10,778	*30.09.86
408	(475)	Robinson (Thomas) Group	114.1	6	321	70.6	38.4	83.8	7.0	1.8	288.8	78.3	2,163	*31.12.86
409	(448)	Weir Group	113.9	6	235	148.6	139.8	6.2	15.1	9.0	67.7	27.2	4,317	*02.01.87
410	(471)	Emess Lighting	112.8	48	360	38.1	30.7	24.1	4.3	3.4	26.4	24.2	1,195	31.12.86
411	(338)	Bridon	111.4	6	215	187.6	208.7	−10.1	10.4	16.7	−37.7	12.4	4,302	31.12.86
412	(406)	Armstrong Equipment	111.2	9	265	126.9	102.5	23.8	7.9	4.5	75.6	22.3	4,016	29.06.86
413	(370)	United Friendly Insurance	111.1	66	—	N/R	N/R	—	11.2	9.6	16.6	N/R	5,571	31.12.86
414	(360)	DPCE Holdings	110.8	5	380	25.0	13.5	85.2	4.2	2.9	44.8	33.8	455	30.06.86
415	(—)	Gilbert House Investments	110.8	69	—	N/R	N/R	—	0.1	0.1	0.0	5.0	3	24.03.87
416	(—)	Kennedy Brookes	110.3	29	354	43.8	41.9	4.5	5.8	4.2	38.1	28.2	1,851	26.10.86
417	(313)	Highland Distillers	109.8	22	283	108.0	101.3	6.6	10.3	9.5	8.4	18.0	286	31.08.86
418	(344)	Dobson Park Industries	109.3	6	193	218.5	204.0	7.1	11.2	8.7	28.7	12.1	5,377	27.09.86
419	(—)	Scottish Heritable Trust	109.3	43	323	70.1	32.4	116.3	6.2	3.3	87.8	18.0	1,878	31.12.86
420	(392)	Devenish J.A.	109.1	22	361	37.6	34.0	10.5	6.0	4.5	33.3	11.8	1,258	30.09.86
421	(414)	Brent Chemicals International	108.7	42	336	59.0	53.3	10.6	7.3	5.9	23.7	54.1	798	31.12.86
422	(—)	European Home Products	108.2	34	264	125.9	32.9	—	4.8	0.9	—	29.8	1,480	*31.12.86
423	(449)	Wereford Investments	108.0	69	—	N/R	N/R	—	4.3	4.9	−12.2	32.6	14	25.12.86
424	(—)	Readicut International	107.9	35	238	146.9	122.2	20.2	10.5	5.6	87.5	27.9	3,920	31.03.87
425	(397)	Brown Boveri Kent Holdings	107.9	5	247	137.2	118.6	15.6	9.6	8.8	9.0	15.6	4,212	31.12.86
426	(—)	Thomson T-Line	107.6	43	392	12.1	1.8	—	0.8	(0.3)	—	N/A	53	*30.04.87
427	(345)	Newarthill	107.5	3	176	272.8	274.4	−0.5	14.3	16.5	−13.3	8.8	3,876	31.10.86
428	(269)	Systems Designers	107.1	5	333	61.5	55.0	11.8	14.5	7.3	98.6	20.0	1,628	31.12.86
429	(368)	Finlay (James)	107.0	91	219	176.6	194.1	−9.0	5.8	8.3	−30.1	6.9	29,909	31.12.86
430	(465)	Tricentrol	106.7	52	357	41.5	100.6	−58.7	(8.3)	26.5	−131.3	3.5	117	*31.12.86
431	(—)	Time Products	106.6	34	351	48.6	59.7	−18.5	7.6	4.2	80.9	25.6	1,227	31.01.87
432	(328)	Cambridge Electronic Industries	105.7	5	253	132.4	135.7	−2.4	10.1	10.3	−1.9	18.2	5,170	31.12.86
433	(—)	Boase Massimi Pollitt	105.1	41	295	97.3	73.0	33.2	5.1	3.9	30.7	108.5	458	31.12.86
434	(—)	Local London Group	104.1	69	—	N/R	N/R	—	0.6	0.1	500.0	15.8	25	*31.12.86
435	(—)	Freshbake Foods	102.1	25	237	147.0	117.5	25.1	5.1	3.0	70.0	27.0	3,138	04.04.87
436	(—)	TV-am	101.8	29	356	41.9	29.5	42.0	8.7	4.8	81.2	79.7	440	*31.01.87
437	(—)	Yule Catto	101.6	42	312	81.4	86.3	−5.6	10.8	10.2	5.8	14.4	2,614	31.12.86
438	(348)	Bulmer H.P. Holdings	101.1	22	217	183.4	170.7	7.4	12.5	11.8	5.9	19.0	1,715	24.04.87
439	(459)	Whitecroft	100.8	10	267	121.7	104.0	17.0	9.1	7.3	24.6	23.8	2,523	31.03.87
440	(359)	CAP Group	100.1	5	347	50.6	36.5	38.6	2.7	2.1	28.6	47.6	1,579	30.04.86
441	(381)	Adwest Group	99.9	6	300	93.8	77.3	21.3	10.1	8.7	16.1	18.6	3,715	30.06.86
442	(331)	AGB Research	99.4	41	282	110.3	103.8	6.3	7.9	9.2	−14.0	26.6	3,584	30.04.86
443	(369)	Lowe Howard-Spink & Bell	98.9	41	196	214.5	58.0	269.8	7.3	3.2	128.1	101.7	602	31.12.86
444	(354)	Empire Stores, Bradford	98.5	34	218	179.2	162.8	10.0	8.9	5.8	53.4	16.9	3,193	31.01.87
445	(396)	Ferguson Industrial Holdings	98.5	31	303	90.0	150.6	−40.2	9.5	7.5	26.6	29.4	3,345	28.02.87
446	(—)	MBS	98.5	5	318	75.9	66.8	13.6	0.9	(3.4)	126.4	12.1	759	*31.12.86
447	(—)	Bodycote International	98.4	35	352	46.7	39.6	17.9	4.6	3.0	53.3	25.8	1,785	31.12.86
448	(—)	Yorkshire Television	97.5	29	281	110.9	92.8	19.5	8.9	3.6	147.2	54.5	1,617	*30.09.86
449	(—)	BM Group	97.3	6	365	36.5	29.1	25.4	2.3	1.4	64.2	24.5	824	30.06.86
450	(—)	Wicks	96.4	340	240	145.4	114.7	26.7	6.5	3.7	75.6	20.7	1,516	*31.12.86

451-500

Ranking 1987	Ranking 1986	Company	Market cap. £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Number of employees	Year end
451	(—)	Ward Holdings	96.1	3	367	36.0	27.4	31.3	9.0	4.7	91.4	37.6	441	31.10.86
452	(366)	Yale and Valor	95.5	48	260	129.1	120.7	6.9	10.5	8.1	29.6	26.9	3,694	31.03.87
453	(—)	Countryside Properties	95.4	3	374	30.7	31.6	−2.8	4.2	2.5	68.0	27.2	225	30.09.86
454	(453)	Country & New Town Properties	95.3	69	—	N/R	N/R	—	5.3	7.6	−30.2	8.1	100	31.01.87
455	(456)	Hopkinsons Holdings	95.0	6	316	77.3	65.8	17.4	9.1	6.8	33.8	20.1	2,838	31.01.87
456	(—)	Powerscreen International	94.8	6	348	50.5	45.2	11.7	8.0	5.8	37.9	49.0	297	*31.03.87
457	(—)	Raine Industries	94.0	3	385	19.3	16.8	14.8	0.9	0.4	125.0	11.3	469	30.06.86
458	(—)	N.M.C. Investments	92.9	31	377	27.1	23.6	14.8	4.2	2.5	68.0	39.8	450	*31.03.87
459	(436)	Thermal Scientific	92.8	5	364	36.7	20.0	83.5	5.5	3.2	71.8	37.0	867	31.03.87
460	(487)	Trinity International Holdings	92.4	32	310	83.7	83.4	0.3	9.8	6.7	46.2	30.4	2,464	27.12.86
461	(—)	Brake Brothers	92.4	25	317	76.0	57.8	31.4	5.6	2.7	107.4	44.9	862	*31.12.86
462	(—)	Reed Executive	91.9	41	331	63.6	43.0	47.9	6.5	3.0	116.6	63.0	648	31.03.87
463	(—)	Goode Durrant	91.7	70	302	91.5	80.7	13.3	2.9	2.2	31.8	14.4	285	31.10.86
464	(—)	Hunting Associated Industries	91.2	6	166	332.0	232.7	42.6	11.8	7.5	57.3	20.3	5,486	31.12.86
465	(—)	Tyndall Holdings	90.3	70	—	N/R	N/R	—	0.3	0.4	—	15.0	3	*31.12.86
466	(—)	Eucalyptus Pulp Mills	89.4	31	376	29.6	24.8	19.3	5.9	2.9	103.4	56.3	749	31.12.86
467	(—)	Owners Abroad Group	89.1	29	249	136.2	117.2	—	5.2	3.7	—	84.7	957	*31.10.86
468	(433)	Whatman Reeve Angel	88.9	31	368	35.3	31.6	11.7	6.8	5.6	21.4	29.2	684	31.12.86
469	(—)	Westbury	88.8	3	299	93.9	74.0	26.8	9.1	5.3	71.7	21.4	415	*28.02.87
470	(440)	Ransomes, Sims & Jefferies	88.7	6	325	69.7	64.5	8.0	8.0	7.1	12.6	19.5	1,415	31.12.86
471	(—)	Britannia Security Group	88.3	48	398	11.2	7.2	55.5	1.8	0.6	200.0	40.6	621	30.06.86
472	(461)	Sound Diffusion	87.7	4	366	36.2	30.5	18.7	5.8	4.7	23.4	50.2	519	*31.12.85
473	(—)	Ryan International	87.4	48	345	51.0	61.0	−16.3	4.9	4.6	6.5	28.4	1,584	31.12.86
474	(402)	Aurora	87.2	6	280	112.8	107.6	4.8	11.0	9.1	20.8	29.5	2,599	31.12.86
475	(482)	Senior Engineering	87.2	6	285	103.7	103.7	0.0	7.6	5.2	46.1	19.6	2,658	31.12.86
476	(469)	Illingworth, Morris	86.0	35	305	88.1	96.2	−8.4	7.7	6.2	24.1	21.4	3,279	31.03.87
477	(—)	Southend Stadium	85.7	69	—	N/R	N/R	—	0.2	0.1	100.0	10.2	0	31.12.86
478	(—)	Lawrence (Walter)	85.6	3	220	176.6	156.9	12.5	7.5	4.5	66.6	23.7	2,171	*31.12.86
479	(351)	Brown Shipley Holdings	85.6	68	—	N/R	N/R	—	4.2	3.1	35.4	N/R	929	*31.03.87
480	(393)	Microfilm Reprographics	85.4	48	394	8.7	5.3	64.1	1.8	0.9	100.0	69.1	261	30.06.86
481	(480)	Tiphook	84.7	45	379	25.3	14.3	76.9	2.8	1.7	64.7	49.4‡	428	30.04.86
482	(—)	Kellock Trust	84.7	70	—	N/R	N/R	—	1.1	0.8	37.5	19.7	74	31.12.86
483	(—)	MTM	84.3	42	372	34.0	19.3	76.1	4.2	1.7	147.0	17.9	517	31.12.86
484	(—)	Markheath Securities	84.3	69	—	N/R	N/R	—	1.8	1.4	—	9.1	89	*31.03.87
485	(—)	National Home Loans	84.1	70	—	N/R	N/R	—	2.8	N/A	—	2.9	N/A	30.09.86
486	(372)	Sirdar	83.9	35	350	48.7	38.7	25.8	6.0	10.3	−41.7	17.9	1,312	30.06.87
487	(—)	Hughes Food Group	83.7	25	371	34.5	15.3	—	2.5	0.6	—	34.6	399	*27.03.87
488	(444)	Stead & Simpson	83.5	34	324	70.1	63.4	10.5	5.5	5.2	5.7	7.0	2,649	31.03.87
489	(408)	Cater Allen Holdings	83.1	70	—	N/R	N/R	—	5.5	4.5	22.2	N/A	198	*30.04.87
490	(391)	Low (William)	82.7	26	188	233.4	206.9	12.8	7.3	6.3	15.8	17.6	6,948	06.09.86
491	(451)	Plysu	82.7	42	362	37.5	34.0	10.2	5.4	4.6	17.3	30.6	1,009	31.03.87
492	(447)	EIS Group	82.5	6	314	79.5	70.9	12.1	7.0	5.5	27.2	21.0	2,611	31.12.86
493	(—)	Beattie (James)	82.4	34	344	51.6	46.3	11.4	6.6	5.6	17.8	35.0	1,860	31.01.87
494	(458)	Mollins	82.1	6	266	122.9	116.3	5.6	9.0	8.1	11.1	12.8	4,200	31.12.86
495	(486)	Newman Industries	82.0	10	384	88.4	85.2	3.7	5.6	3.1	80.6	17.8	2,624	31.12.86
496	(—)	Connells Estate Agents	82.0	41	389	16.3	8.0	103.7	5.3	2.2	140.9	412.7	565	31.12.86
497	(—)	Trencherwood	81.8	3	381	24.1	20.1	19.9	4.2	3.0	40.0	26.6	101	31.10.86
498	(—)	Polypipe	81.6	2	390	16.3	11.8	38.1	2.2	1.4	57.1	32.6	250	30.06.86
499	(—)	Grampian Holdings	81.3	43	346	51.0	53.6	−4.8	4.1	3.4	20.5	29.8	1,485	31.12.86
500	(379)	Aitken Hume International	80.3	70	—	N/R	N/R	—	7.2	(2.5)	388.0	23.0	397	31.03.87

FOOTNOTES TO COMPANIES LISTED ON THIS PAGE

Additions to UK top 500

Company	This rank	SR
British Gas	7	51
TSB Group	38	62
Rolls-Royce	60	6
British Airways	71	45
Calor Group	135	51
Morgan Grenfell	147	68
Avis Europe	173	41
Contibel Holdings	177	70
Virgin Group	230	29
Norton Opax	264	32
Thames Television	274	29
Barker & Dobson Group	288	26
Brent Walker Holdings	293	29
Brown (N) Group	301	34
VSEL Consortium	306	6
Geest	309	26
Mecca Leisure	318	29
WCRS Group	333	41
Peek Holdings	338	48
Imry International	348	69
Cannon Street Investments	352	43
Acatos & Hutcheson	354	25
GT Management	358	70
Norfolk Capital Group	363	29
Rivlin	364	69
Cowie (T.)	376	9
Belhaven	377	29
Clayform Properties	378	69
Cambridge Instruments	379	5
Sandell Perkins	380	2
Wilson Bowden	389	3
London & Metropolitan	391	69
WPP Group	392	41
Tops Estates	393	69
Dares Estates	395	69
Church (Charles) Developments	397	3
Parkfield Group	400	6
Photo-Me International	401	29
Gilbert House Investments	415	69
Kennedy Brookes	416	29
Scottish Heritable Trust	419	43
European Home Products	422	34
Readicut International	424	35
Thomson T-Line	426	43
Time Products	431	34
Boase Massimi Pollitt	433	41
Local London Group	434	69
Freshbake Foods	435	25
TV-am	436	29
Yule Catto	437	42
MBS	446	5
Bodycote International	447	35
Yorkshire Television	448	29
BM Group	449	6
Wickes	450	34
Ward Holdings	451	3
Countryside Properties	453	3
Powerscreen International	456	6
Raine Industries	457	3
N.M.C. Investments	458	31
Brake Brothers	461	25
Reed Executive	462	41
Goode Durrant	463	70
Hunting Associated Industries	464	6
Tyndall Holdings	465	70
Eucalyptus Pulp Mills	466	31
Owners Abroad Group	467	29
Westbury	469	3
Britannia Security Group	471	48
Ryan International	473	48
Southend Stadium	477	69
Lawrence (Walter)	478	3
Kellock Trust	482	70
MTM	483	42
Markheath Securities	484	69
National Home Loans	485	70
Hughes Food Group	487	25
Beattie (James)	493	34
Connells Estate Agents	496	41
Trencherwood	497	3
Polypipe	498	2
Grampian Holdings	499	43

Departures from UK top 500

Company	Last rank	SR
Imperial Continental Gas Assoc.	(110)	51
Exco International	(113)	70
European Ferries	(162)	45
Grattan	(165)	34
AE	(184)	9
Stockley	(217)	69
Avana Group	(229)	25
Superdrug Stores	(244)	34
Extel Group	(251)	41
Wedgwood	(257)	48
Combined English Stores	(279)	34
Baker Perkins	(280)	6
Property Holding & Invest. Trust	(297)	69
British Car Auctions	(300)	9
Hillards	(306)	26
Renishaw	(308)	10
McCorquodale	(312)	32
LCP Holdings	(330)	34
Samuel Properties	(347)	69
Black (Peter)	(355)	48
Martonair International	(356)	6
Steel Brothers Holdings	(357)	48
HAT Group	(361)	3
AB Electronic Products	(365)	5
United Real Property Trust	(367)	69
Memec	(375)	5
Land Investors	(377)	69
London & Northern Group	(378)	43
Bestobell	(380)	6
Mansfield Brewery	(384)	22
Bentalls	(387)	34
Comcap	(389)	5
Allied Textile	(390)	35
NSS Newsagents	(404)	34
Dewhirst I. J. Holdings	(407)	35
Johnson Group Cleaners	(413)	48
Hargreaves Group	(415)	45
Mitchell Cotts Group	(416)	6
Dubilier	(422)	5
PWS International	(423)	67
Lilley F. J. C.	(425)	3
International Leisure Group	(426)	29
CASE Group	(428)	5
Crown House	(429)	6
Howden Group	(430)	6
Hartwells Group	(432)	9
Associated Book Publishers	(437)	32
Crystalate Holdings	(438)	5
Mucklow A. J. Group	(442)	69
Samuelson Group	(446)	29
Henderson Group	(450)	2
Horizon Travel	(452)	29
Watsham's	(454)	10
Rotaflex	(455)	4
London & Midland Industrials	(457)	10
Neill (James) Holdings	(460)	6
Macarthy	(462)	27
Six Hundred Group	(463)	6
Town Centre Securities	(464)	69
Sale Tilney	(466)	43
Dominion International	(470)	43
Sunlight Service Group	(473)	48
Macfarlane Group (Clansman)	(474)	31
Austin Reed Group	(476)	34
Renold	(477)	6
Camellia Investments	(479)	70
Domino Printing Sciences	(481)	5
Tunstall Telecom Group	(483)	5
Garfunkles Restaurants	(484)	29
IBL	(488)	5
Blackwood Hodge	(489)	3
Manders Holdings	(490)	2
Rodime	(491)	5
Wagon Industrial Holdings	(492)	6
Expamet International	(493)	2
Smith New Court	(494)	70
Associated Paper Industries	(495)	31
HTV Group	(496)	29
Lynton Holdings	(497)	69
Clark (Matthew) & Sons	(498)	22
Steel Burrill Jones	(499)	67
GEI International	(500)	6

Financial Times TOP 500 1987

European car demand has been at its highest level ever

In better shape to ride out the recession

THE HUGE size of automotive companies, and consequently their substantial requirements, compared with those in many other industries, is reflected in the FT 500 lists.

For example, Jaguar and Porsche, which are relatively small - in that their annual car output equals only a few days' *production by the major groups* - are in the top 400 companies ranked by market value.

Like Jaguar and Porsche, Daimler-Benz, the producer of Mercedes cars and trucks, also concentrates on high-value vehicles. This enables it to be the third-largest automotive company in the world by market value (after General Motors and Ford of the US), yet its production volume is less than one third of any comparably sized and valued vehicle manufacturer.

Daimler is top of the FT500 motor industry group and ranked fourth in the capitalisation list. It is also the most highly capitalised stock on the German market, and ranks well ahead of Deutsche Bank which effectively, if not technically, is Daimler's "parent" even though its shareholding is only 28.5 per cent.

Deutsche Bank, Europe's 16th largest company, according to the FT500, has had a profound influence on Daimler. It kept the vehicles group in German ownership, saving it from the clutches of Kuwait in 1975 by buying shares on offer from the Flick Group.

Most of those shares, today representing 25.4 per cent of the Daimler issued capital, went into Mercedes Automobile Holding, which is a second way to invest in Daimler. Kuwait is the other major share holder with 14 per cent.

Deutsche Bank this year played a pivotal role in Daimler's top management changes, which resulted in chairman Mr Werner Breitschwerdt stepping down in favour of Mr Edzard Reuter.

Mr Reuter is expected to give the group stronger leadership as it assimilates two recent major acquisitions - AEG, the electronics and white goods company, and the Dornier aerospace concern.

Concern about whether Daimler can readily cope with its new subsidiaries, and about the management in-fighting, played some part in Daimler's descent from second place in the FT500 list in 1986 to fourth this year.

But most of the fall in Daimler's market value is accounted for by the weakness of the German stock market, because investors have been particularly concerned about the impact of the fall in the value of the dollar against the D-mark on companies like Daimler which rely on the US to produce a substantial part of their profit.

Volkswagen and Porsche also fell back in the FT500 list because of the general lack of buoyancy in the German stock market, and VW's image was also so tarnished last year by a fraud which cost it DM473m in foreign exchange losses.

VW's share price has also been depressed by the decision of the Federal Government to sell its 20 per cent shareholding in the company. This was postponed to 1988 because of the exchange fraud, but recently the West German Government said the share sale would be brought *forward and hoped to complete* it by the end of this year.

The one German automotive company to buck the downward trend and to show an improvement in the rankings is BMW, which has been the subject of persistent take-over rumours.

Mr Eberhard von Keunheim, the managing director, has confirmed that at one time companies "were queueing up to buy us. It was no joke."

However, the Quandt family, which controls 60 per cent of BMW, says the company is not for sale. Even so, scarcely a month goes by without the gossip starting up again.

Fiat, Italy's largest private-enterprise group and which is in second place between Daimler and BMW in the market capitalisation list, moved sharply up the FT500 table last year, reflecting investors' confidence in a management team that has supervised one of the industry's most remarkable recoveries during the 1980s.

The Italian company is also considerably insulated from the impact of the fall in the value of the dollar. Unlike companies such as BMW, Jaguar, Mercedes, Porsche, Volvo, Volkswagen and Saab, which chalked up extraordinary profits when the dollar was riding high, Fiat's involvement in the North American car market has been very limited.

However, the dollar's decline has been compensated for to some extent by conditions in the "domestic", European market.

Car demand in Western Europe this year is running at the highest level ever. Talk about excess capacity has almost ceased, and many companies complain that they cannot produce enough vehicles. Supply and demand are so nearly in balance that price cutting has eased considerably and margins of profit have improved.

The upshot could be that every European car producer could be operating profitably this year - which would be the first time this has happened for about 20 years.

Mr Scott Merlis, a vice-president at the Morgan Stanley financial services group, told the Financial Times Motor Industry conference in Frankfurt last month that automotive stocks were the cheapest in the world, relative to their past earnings and cash flow.

The reason they were so cheap, he suggested, was that "investors remember how, in the early part of the decade and in the 1970s, a large number of mass producers nearly went bankrupt". According to Mr Merlis, "the cheapest auto stock in the world" is Volkswagen.

However, the same conference produced a strong warning from Mr Roger Vincent, managing director of Bankers Trust. He pointed out that, while profitability was important, there was another measure of financial performance that was equally critical in financial analysis of the motor industry.

Operating cash flow (net income plus depreciation and amortization less capital expenditure and dividends) measured the ability of a company to pay for its forward needs on a current basis, he pointed out.

Looked at this way, only the European specialist producers (BMW, Daimler-Benz, Jaguar, Porsche, Saab, Volvo) had been able to sustain a high level of cash flow.

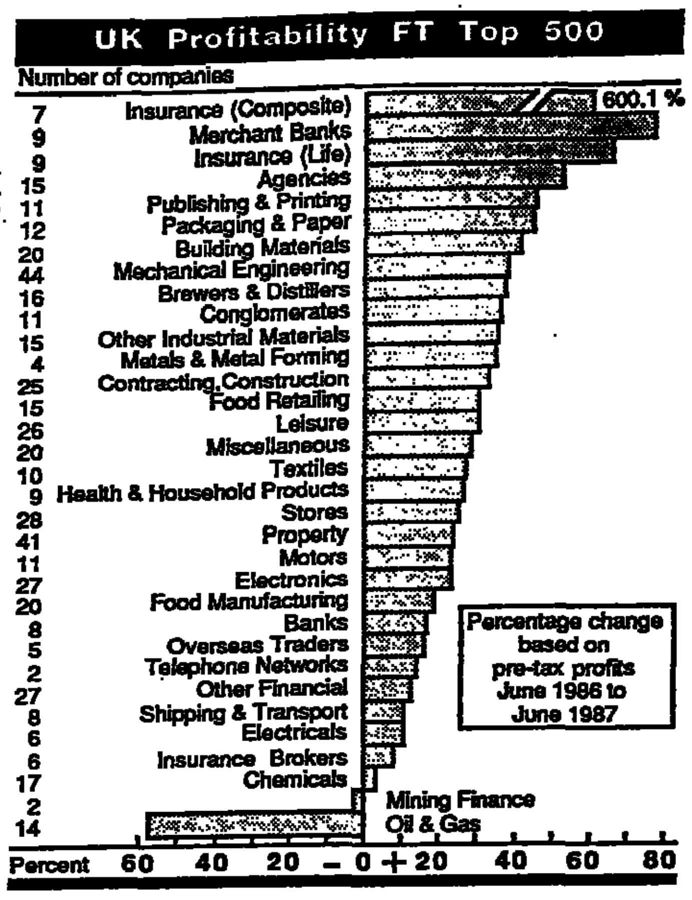
By comparison, the European volume producers, while showing enormous improvement in recent years, did not have a positive cash flow even at the peak of the demand cycle. "They will enter the next downturn without the benefit of the financial reserves built up by the specialist producers," said Mr Vincent.

He emphasised his gloomy message by adding that the coming downturn in world-wide demand for cars might well be worse than the one in 1980-81. "The combination of global overcapacity, a US-led recession, inflationary pressures and rising protectionism may well make the coming downturn take on very serious proportions," he pointed out.

In general, however, the automotive companies were in better shape to ride out the coming recession than the collapse in demand five to six years ago.

Mr Vincent suggested that not one of the major automotive groupings - Europe, Japan or the US - had a clear advantage over the others in current circumstances. "Therefore the winners will not be one entire group over another, but rather individual companies that develop competitive advantage over others on the world scene."

Kenneth Gooding



Why tyres went flat

THE WEST European tyre industry only recently emerged from the long recession which caused radical restructuring, including the disappearance of some companies, plant closures and thousands of redundancies.

It has suffered badly from self-inflicted wounds, having introduced new technology - steel belted radial tyres - which lasted twice as long as the old crossply types.

The universal imposition of speed limits in the 1970s aggravated the decline in replacement sales brought about by the long-lasting radial.

At the same time car makers modified their tyre policy. After years of trying to fit the smallest and cheapest tyre to high-volume cars, for economic reasons, they began to put longer lasting tyres on their vehicles to enhance customer appeal.

The industry compounded its difficulties by installing extra capacity in the 1970s, in the belief that demand for vehicles in the European markets would continue to grow at the 7 to 10 per cent seen in the previous decade. For example, Michelin built half its 51 factories world-wide after 1970. However, two oil crises in the mid-1970s slowed growth in vehicle demand to between 1 per cent and 3 per cent.

The weaker companies collapsed first under the pressure. Ceat is now controlled by Pirelli, Kleber by Michelin, Semperit by Continental, and Dunlop by Sumitomo.

Eventually the strains affected Michelin, the French group which is Europe's biggest tyre maker and second in the world to Goodyear. Michelin suffered losses totalling more than FFr8bn in the three years to 1984. The extent of the reorganisation needed to pull the company back to profitability can be judged by the fact that, since 1982, Michelin has reduced its world-wide workforce by 23,500 to 114,000.

Industrie Pirelli, the Italian operating company of the tyres and cable group, suffered losses for 10 years to 1980, and needed a major financial and management restructuring before it could return to profit.

In order to pay off the huge debts, the tyre companies have frequently resorted to the capital markets - Michelin has raised new capital five times since 1982, for example.

They have been able to raise money in spite of being among the most uncommunicative companies in the world. The industry has taken its lead from Michelin, an obsessively secretive organisation whose attitude stems not only from concern about keeping technical secrets but also from the French provincialism of its management. Pirelli is also a very difficult company to analyse, because of its complex structure. **KG**

Pharmaceuticals

Catching up with the US

IN THE past decade, politicians and industrialists in western Europe have worried about whether, and by how much, the US and Japan may be outsmarting the continent in modern applications of science and technology. But in one science based industry the concern has been muted, if it exists at all.

The pharmaceuticals business is one area in which, by world standards, West European countries are extremely strong, in contrast to the position in commercial activities such as electronics, telecommunications and factory automation.

In these areas there are continual fears about a "technology gap" compared with the US and Japan, a state of affairs that has led to a rash of government technology programmes such as the pan-European Eureka project intended to help European companies to catch up with the leaders.

Pharmaceuticals has been conspicuous by its general absence from the Eureka programme. Many of the big European drugs concerns reckon *they can get along effectively* enough without joining in.

Overall, the US pharmaceutical industry has been the world's strongest for several decades. However, European concerns are fast catching up, while the Japanese drugs industry, though big and important inside Japan, has yet to take off in world terms.

In the $100bn a year drugs industry, European concerns occupy eight of the top 20 positions of companies ranked in order of sales. They are: Hoechst, Bayer and Boehringer Mannheim, of West Germany; Ciba-Geigy, Hoffman-La Roche and Sandoz, of Switzerland; and Britain's Glaxo and ICI.

Within Western Europe, British companies have made rapid strides in recent years. Some of the biggest growth figures, both in terms of sales and profitability, have come from the UK's large pharmaceuticals concerns, which, together with Glaxo and ICI, include Wellcome, Beecham, Smith and Nephew and Fisons.

All three of the world's top selling drugs were invented in UK laboratories. They are: Zantac, an anti-ulcer medication sold by Glaxo, which in 1986 was responsible for sales of slightly more than $1bn; Tagamet, another anti-ulcer drug sold by Smith Kline Beckman of the US but devised by the company's UK research group; and Tenormin, a beta-blocker for heart disease sold by ICI. Sales of the last two products last year came to $1.01bn and $713m respectively.

Other leading concerns in the European drugs industry cited by business analysts include: Astra and Pharmacia, of Sweden; Sanofi (France); Schering and E.Merck (West Germany); Novo (Denmark); and Farmitalia (Italy).

The exact combination of factors that has led to the good European performance in pharmaceuticals can be endlessly debated. One of the main reasons, however, is the traditional strength in Europe, particularly in Germany, Switzerland and the UK, in the key research disciplines of life sciences and medicine.

"You can't look at the drugs industry in the same way as, say, automobiles," says Alastair Kilgour, an analyst at Ark Securities, a firm of stockbrokers in London. "To be successful in pharmaceuticals, the key thing is your ability to discover new drugs, an area where know-how is all important." Earlier this century, the existence of highly regarded academic institutions brimming over with talented researchers stimulated the start *of a strong drugs industry. Later*, these same places fed the business with a continual stream of ideas and people.

In pharmaceuticals, research and development expertise has overriding importance, compared with other aspects of business such as marketing know-how (although this is not to say the latter is unnecessary).

In industries such as electronics or telecommunications, a long series of marketing developments has to take place successfully before a technical achievement is translated into commercial success. What is more, the basic scientific or technical discovery behind a new product may be difficult or impossible to patent. Hence the company that has made the initial breakthrough may end up second best (or even out of the race altogether) compared with other concerns that latch on to a new invention and either devel*op it better or bring it to the* market-place first.

In the drugs business, the path between a key scientific advance and a big-selling product is strewn with fewer obstacles stemming from activities of competing companies. The advance itself is almost certain to be patentable, stopping other companies exploiting it for a set time, normally 20 years.

There is, of course, a large hurdle, in that before a new medication can be prescribed, government regulatory authorities have to be convinced that it works effectively and has minimal side effects. To get a drug through these regulatory barriers can take 10 years and cost a total of $100m (taking into account all the projects which are started but which never reach fruition).

Nonetheless, these are obstacles that, to a large degree, are the same for all pharmaceuticals companies. All start similarly disadvantaged in this respect. As a result, research know-how can be turned into *world-class products with far* greater certainty than in other areas of science-based industry.

Two years ago, a study by the Science Policy Research Unit at Sussex University attempted to rank European research capabilities in industry with those in the US and Japan. In areas such as aerospace, instrumentation and electronics, Europe fared relatively poorly; but in the drugs industry the analysis placed the continent above the US and Japan, in general research and development capabilities, and in the ability to diffuse scientific knowledge in to the commercial sphere.

One uncertainty for the future is the ability of European concerns to bring to bear new techniques in the area of biotechnology, a family of methods related to molecular bilology for producing new drug products. The methods make it possible to produce on an economic scale drugs derived from materials present in the human body, and also to understand better body mechanisms that are fundamental to the development of new medications for diseases like Aids or cancer.

Most analysts agree that biotechnology will be of crucial importance to the pharmaceuticals industry over the next decade, and there are some signs that the European industry is lagging.

In Japan, there is a strong government-directed initiative to capitalise on the country's traditional biotechnology-related strengths in areas such as fermentation; while, in the US, the activities of a number of small start-up companies, such as Genentech and Genetics Institute, have galvanised the drugs industry to put its weight behind biotechnology developments.

According to some observers, the urgency with which these new technologies have been tackled in Europe has been somewhat less, though it re*mains to be seen whether this* will be a handicap over the next 10 years.

Peter Marsh

Biggest profit increases (UK)

Rank	Company	Sector	Top 500 rank	Profit increase %
1	Commercial Union	66	69	59,450.0
2	Guardian Royal Exchange	66	59	4,008.5
3	Chloride Group	4	384	3,300.0
4	STC	5	56	1,277.1
5	Union Discount (London)	70	383	881.8
6	Royal Insurance	66	33	636.2
7	Barratt Developments	3	189	519.5
8	Local London Group	69	434	500.0
9	Tozer, Kemsley & Millbourn	9	292	400.0
10	Aitken Hume International	70	500	388.0
11	Sun Alliance & London Insur	66	44	378.5
12	General Accident	66	41	364.9
13	WPP Group	41	392	350.0
14	Tomkins	6	208	306.8
15	Blue Arrow	41	215	295.4
16	Smith (David S.)	31	247	290.3
17	Robinson (Thomas) Group	6	408	288.8
18	WCRS Group	41	333	288.4
19	Amstrad	5	97	272.7
20	Mountleigh Group	69	139	265.2
21	Williams Holdings	10	197	263.4
22	BSR International	5	284	256.0
23	Cannon Street Investments	43	352	244.4
24	British Printing & Comm. Corp	32	84	214.9
25	Hill Samuel Group	68	169	200.8

Biggest profit decreases (UK) 1987

Rank	Company	Sector	Top 500 rank	Profit decrease %
1	Tricentrol	51	430	−131.3
2	Clyde Petroleum	51	369	−111.6
3	Enterprise Oil	51	106	−97.3
4	London & Scottish Marine Oil	51	156	−96.2
5	Britoil	51	67	−82.3
6	British Petroleum	51	1	−73.4
7	Ultramar	51	119	−73.1
8	United Scientific Holdings	6	344	−68.3
9	BOC Group	42	35	−62.5
10	Carless Capel & Leonard	51	266	−56.0
11	Mercantile House Holdings	70	223	−44.3
12	Northern Engineering Inds	4	259	−42.7
13	Sirdar	35	486	−41.7
14	Bridon	6	411	−37.7
15	British & Commonwealth Hldgs	70	62	−34.5
16	Heath C.E.	67	283	−30.3
17	Country & New Town Properties	69	454	−30.2
18	Finlay (James)	91	429	−30.1
19	Belhaven	29	377	−26.6
20	Foseco Minsep	42	272	−24.7
21	Diploma	5	353	−19.3
22	British Airways	45	71	−16.9
23	AGB Research	41	442	−14.0
24	Newarthill	3	427	−13.3
25	Warnford Investments	69	423	−12.2

A-Z List of European Top 500

COMPANY	RANK	COMPANY	RANK
AAH Holdings	296	Brown Boveri Kent Hldgs	425
Abaco Investments	312	Brown Shipley Holdings	479
Abbey Life	115	Bryant Holdings	256
Acatos & Hutcheson	354	B.S.G. International	302
Adwest Group	441	BSR International	284
AGB Research	442	BTP	390
Aitken Hume Intl.	500	BTR	12
Allied Colloids Group	190	Bullough	316
Allied-Lyons	25	Bulmer H.P. Holdings	438
AMEC	253	Bunzl	88
Amersham International	225	Burmah Oil	94
Amstrad	97	Burton Group	52
Ansbacher (Henry) Hldgs.	374	Cable & Wireless	19
APV Baker	191	Cadbury Schweppes	68
Argyll Group	42	Caledonia Investments	194
Arlington Securities	267	Calor Group	135
Armstrong Equipment	412		
ASDA/MFI Group	36	Cambridge Elec. Ind.	432
Ashley (Laura)	196	Cambridge Instruments	379
Asprey	355	Cannon Street Invsts.	352
Associated British Foods	50	CAP Group	440
Associated British Ports	151	Carless Capel & Leonard	266
Assoc Newspapers Hldgs	110	Carlton Communications	157
Atlantic Computers	182	Cater Allen Holdings	489
Attwoods	317	Central Ind. Television	373
Aurora	474	Charter Consolidated	174
Automated Sec. Hldgs	319	Chesterfield Props.	362
Avis Europe	173	Chloride Group	384
Avon Rubber	402	Christies Intnl.	321
Babcock International	227	Church (Charles) Dev.	397
Baird (William)	330	Clayform Properties	378
Bank of Scotland	116	Clyde Petroleum	369
Barclays	17	Coalite Group	207
Barlow & Dobson Group	288	Coates Brothers	388
Barratt Developments	189	Coats Viyella	49
Bass	23	Collins (Wm.) & Sons	241
BAT Industries	6	Coloroll	210
BBA Group	181	Commercial Union	69
Beattie (James)	493	Connells Estate Agents	496
Beazer C. H. Holdings	124	Consolidated Gold Fields	37
Beecham Group	16	Contibel Holdings	177
Bejam Group	236	Cookson Group	81
Belhaven	377	Costain Group	168
Berisford S & W	125	Country & New Town Prp	454
Berkeley Group	311	Countryside Properties	453
BET	48	Courtaulds	47
BICC	111	Cowie (T.)	376
Bilton (Percy)	323	Cray Electronic Holdings	334
Birmid Qualcast	299	Crest Nicholson	282
Blue Arrow	215	Croda International	248
Blue Circle Industries	79	Crowther (John) Group	258
BM Group	449	Dacjan Holdings	328
Bowes Massimi Pollitt	439	Daily Mail & General Tst.	201
BOC Group	35	Dalgety	104
Boddington Group	366	Dares Estates	395
Body Shop International	335	Davy Corporation	322
Bodycote International	447	Dawson International	162
Booker	142	De La Rue	136
Boots	30	Dee Corporation	43
Boulter Industries	154	Delta Group	171
Bowthorpe Holdings	219	Dewhirst J. A.	420
BPB Industries	64	Diploma	353
Bradford Property Trust	304	Dixons Group	76
Brake Brothers	461	Dobson Park Industries	418
[illegible]	[illegible]	[illegible]	[illegible]

Top 100 UK Investment Trusts by Market Capitalisation

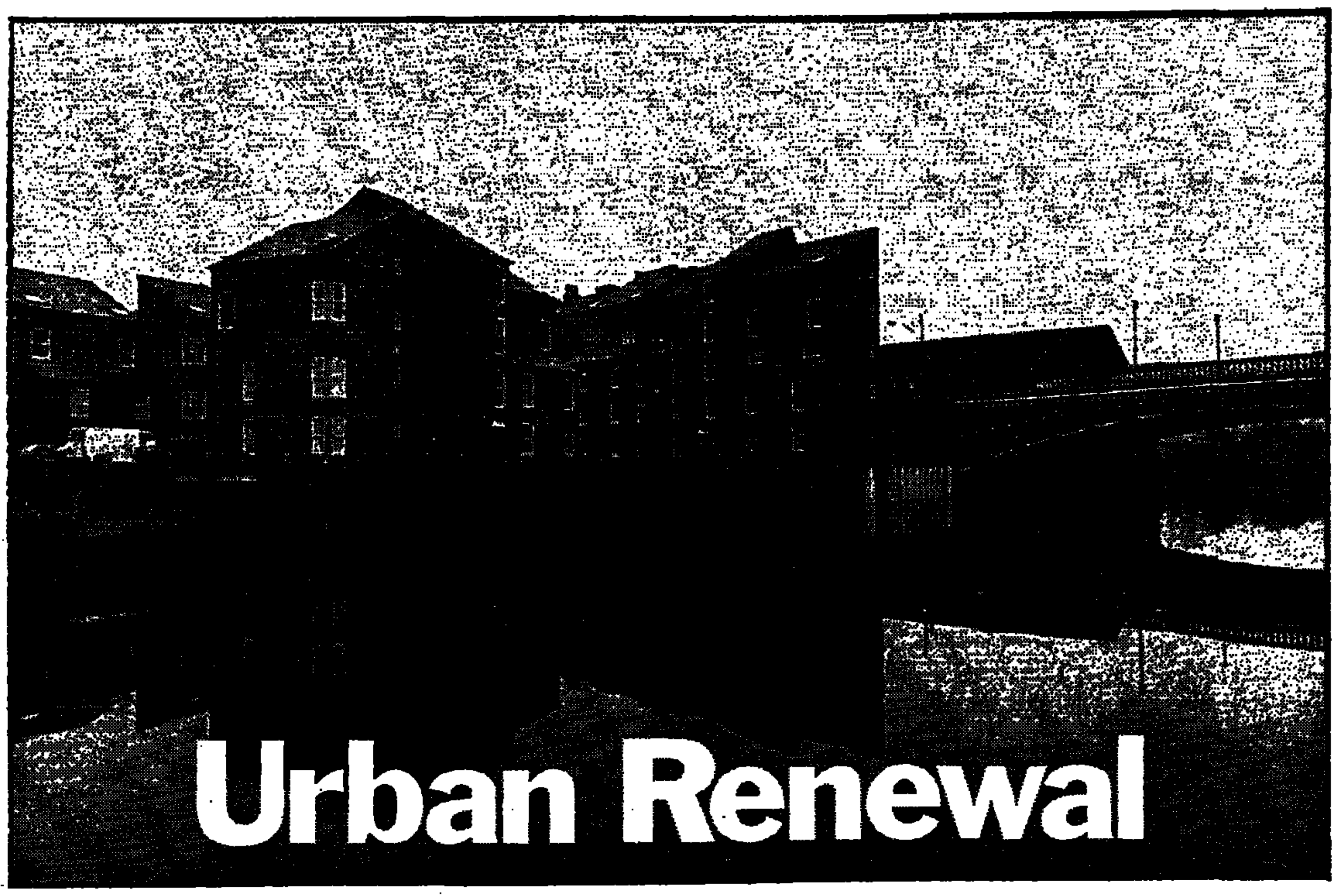
Rank	Investment Trust	Market capital £m	Share-holders' funds £m	Discount %
1	Globe	941.5	1,129.9	16.7
2	Foreign & Colonial	720.0	868.2	17.1
3	TR Industrial & General	627.6	738.9	15.1
4	Edinburgh Investment	549.8	719.6	23.6
5	Witan	519.2	677.3	23.3
6	Alliance	501.5	625.5	19.8
7	Scottish Mortgage	497.8	612.9	18.8
8	Scottish Investment	398.2	503.2	20.9
9	British Investment	395.0	471.8	16.3
10	Govett Strategic	363.2	451.5	19.6
11	Scottish Eastern	342.1	422.2	19.0
12	TR Technology	341.3	400.0	14.7
13	Electra	329.2	455.2	27.7
14	British Assets	314.9	395.9	20.5
15	Fleming Mercantile	302.0	357.1	20.1
16	Govett Oriental	279.4	374.6	25.4
17	Throgmorton Trust	278.8	351.4	20.7
18	Anglo & Overseas	275.3	353.7	22.2
19	Fleming Far Eastern	267.6	357.1	25.1
20	Scottish National	267.5	305.7	12.5
21	Ensign	262.0	288.5	9.2
22	Fleming Overseas	255.1	321.6	20.7
23	Investors Capital	250.5	291.9	14.2
24	Murray International	242.6	304.3	20.3
25	TR Trustees Corporation	238.8	281.9	15.3
26	Scottish American	230.3	286.7	19.7
27	Drayton Japan	214.2	269.2	20.4
28	Monks	207.9	266.7	22.0
29	Whitbread	206.3	278.6	26.0
30	Securities Trust of Scotland	195.4	234.8	16.8
31	Murray Income	182.2	213.8	14.8
32	Merchants	181.1	214.5	15.6
33	Drayton Consolidated	169.2	222.0	23.8
34	Second Alliance	169.2	211.2	19.9
35	TR Pacific Basin	168.2	223.2	24.6
36	TR City of London	164.5	193.5	15.0
37	First Scottish American	156.5	188.4	16.9
38	Atlantic Assets	153.0	196.1	22.0
39	Northern American	151.9	191.8	20.8
40	F & C Pacific	149.8	192.3	22.1
41	TR Property	149.0	176.0	15.3
42	Raeburn	145.5	173.1	15.9
43	Temple Bar	143.7	170.3	15.6
44	Continental & Industrial	143.7	155.0	7.3
45	Hambros	141.5	181.9	22.2
46	Fleming Japanese	140.6	178.5	21.2
47	American	137.1	165.3	17.0
48	Govett Atlantic	137.0	163.2	16.1
49	Bankers	136.3	159.2	14.4
50	Kleinwort Overseas	130.0	158.7	18.1
51	Romney	124.3	139.7	11.0
52	Murray Smaller Markets	117.6	134.7	12.6
53	Kleinwort Charter	115.0	141.4	18.6
54	Fleming Universal	114.2	140.4	18.6
55	Electric & General	107.6	123.5	12.8
56	English & Scottish	107.4	121.6	11.7
57	Berry	105.5	115.9	9.0
58	Tribune	105.1	126.7	17.1
59	Crescent Japan	103.7	119.0	12.8
60	Fleming American	101.2	133.4	24.1
61	TR Natural Resources	101.0	121.9	17.2
62	Edinburgh American	98.9	131.6	24.8
63	Schroder Global	93.0	114.0	18.5
64	Ailsa	89.9	102.6	12.3
65	Brunner	88.3	106.8	17.3
66	GT Japan	81.9	107.9	24.1
67	Fleming Technology	80.9	100.6	19.6
68	Law Debenture Corp.	79.2	86.9	8.9
69	General Consolidated	78.4	94.5	17.0
70	North Atlantic Securities	75.0	95.5	21.4
71	F & C Alliance	74.0	88.4	16.2
72	TR North American	73.0	83.7	12.8
73	Independent	72.0	88.3	18.5
74	Meldrum	71.0	79.3	10.5
75	St. Andrew	70.8	84.7	16.4
76	London American Ventures	68.8	81.1	15.3
77	British Empire Securities	66.5	74.5	10.7
78	Abingworth	64.2	75.0	14.5
79	Majedie	63.0	85.4	26.2
80	River Plate & General	61.7	72.2	14.5
81	"Investing in Success"	61.2	69.3	11.7
82	Murray Ventures	58.1	70.1	17.2
83	New Tokyo	57.4	74.3	22.8
84	Fleming Claverhouse	56.8	67.5	18.6
85	Keystone	56.8	63.1	10.0
86	Dundee & London	56.4	68.4	17.4
87	Lowland	53.5	53.3	0.5*
88	Fleming Enterprise	53.5	65.7	15.8
89	English & International	53.1	64.2	17.3
90	External	51.2	59.6	9.0
91	Smaller Companies International	49.5	59.5	16.8
92	Gartmore Information	49.1	60.9	19.4
93	Drayton Far Eastern	44.1	55.2	20.0
94	Japan Assets	42.1	55.3	23.9
95	Baillie Gifford Japan	40.6	55.9	27.4
96	TR Australia	40.1	49.4	18.8
97	Shires	37.3	52.4	28.8
98	Greenfriar	37.1	46.4	20.0
99	London & Strathclyde	36.0	46.2	22.0
100	Northern Securities	34.9	39.1	11.0

*Premium

SECTION IV

FINANCIAL TIMES SURVEY

This year urban renewal and the future of Britain's inner cities have soared to the top of the political agenda. Hazel Duffy and Alan Pike look at the steps that are being taken to weld a jigsaw puzzle of local initiatives into a coherent, national programme for regeneration.



Regent Housing Society's The Chandlers is a partnership venture with the Halifax Building Society and Leeds City Council

CONTENTS

A matter of priority

URBAN RENEWAL is critical to bringing about a more balanced use of human and physical resources in Britain. The Government has implicitly recognised that it will not come about through the growth of the economy as a whole, and it has therefore become a matter of political priority.

The problem spans the entire social spectrum, taking in unemployment, crime, drug abuse, health, education and poverty, as well as the immediately visible areas of dereliction. The very diversity of the problem has given rise to a wide variety of responses - some planned well ahead, others more immediate - which generally lack coordination at the government level.

The very extent of the problem presents a huge challenge to government and other public authorities, and to the private sector. If this challenge can be met by the concentration of their energies on the pursuit of common objectives, there are potential opportunities to be realised along the lines that have been brought into play in some American cities and are beginning to be realised in London Docklands.

But enormous care and patience on the part of the guiding authorities need to be exercised to ensure that urban renewal does not simply produce concrete monuments in areas of former dereliction, thereby exporting the problem of the so-called inner city to new ghettos of deprivation.

Inner city has become the popular term for the problem of the urban areas. It is perhaps unfortunate, since it ignores the fact that some of the areas in most pressing need of renewal and refurbishment are not in inner cities at all, but in the post-war housing estates in the outer areas of cities like Manchester and Glasgow, and the huge tracts of land that have been laid waste by the withdrawal of industry.

The policy of governments has sometimes exacerbated the problem. The new towns, for instance, which were designed to remove people and work out of the city, inevitably left behind a residue of poor housing and workplaces in the inner cities. Government grants to help industry expand in the assisted areas have encouraged this movement to greenfield sites.

On top of this official encouragement, people have increasingly shown a preference to move out of cities. Urban conglomerations like London, Glasgow, and Merseyside have been losing population sometimes at the rate of 1-2 per cent a year.

There are few signs of a reversal of the trend, except in Greater London, where the most recent population figures have shown a tiny increase. Despite the enormous strides that have been made over the past 10 years in transforming the centre of Glasgow, the city expects that it will have lost 5.3 per cent of its 1985 population of 734,000 by 1992.

The Cambridge Econometrics Group forecasts that this shift from city to semi-rural areas will continue. It lies behind the group's prediction that East Anglia, followed by the South West and East Midlands - areas without large urban conglomerations - will be the regions of fastest population growth between now and the year 2000.

The urban problem has tended to be seen as separate from that of regional inequality in the UK. Smaller cities like Bristol, Nottingham, Leeds - in the more prosperous regions - all have pockets of deprivation, while parts of London have some of the worst problems of the country

With the exception of London Docklands, which is now being addressed, they are, however, pockets. It is in the North and West Midlands, and in Clydeside - the former sites of steelworks, big engineering plants, shipyards - that the scale is multiplied. Industrial obsolescence has also left its ugly mark on the communities of the valleys in Wales and in parts of Belfast.

The problem intensified drastically with the recession of the early 1980s, which took out as much as a third of Britain's industrial capacity, and forced the Government to introduce new ideas to promote renewal. Increasingly, the new schemes have been directed at inducing the private sector to follow up the Government's pump-priming.

Urban development corporations - the first set up by Mr Michael Heseltine, then Environment Secretary, in Docklands and Liverpool - are the cornerstone of Government policy directed at restoring the most extensive blight.

In Docklands, the policy has worked. Some say that because of its proximity to the City and the shortage of development land in London, it could not have failed. It did not look that way, however, in the first couple of years, when Mr Heseltine persuaded a few big private housebuilding companies to accept the risk.

One of the major tasks in Docklands today is to address the social problems of unemployment and poor housing which exist side by side with exciting new property developments.

The Mersey Development Corporation is still waiting to see whether it can succeed in breaking through the private sector's reluctance to put its money into the area. It could come soon, mainly in leisure and retail developments, although even these will only go ahead if they receive public money.

Docklands and Mersey have provided quite different experiences on which to base the five other urban development corporations - four in England, one in Wales - which have only just got under way.

Partnership with the private sector is the foundation of the two grant schemes on which Mr Nicholas Ridley's Environment Department places most importance now - urban development grant, channelled through local authorities and usually paid on individual schemes, and urban regeneration grant, paid direct to developers on larger schemes. Together with the urban programme, they are costing the Government around £325m this year. Special grants are also available for the recovery of derelict land, made available on schemes to improve the environment and for industrial buildings.

Other weapons in the Government's armoury are simplified planning zones designed to bring land in private and public ownership on to the market. Designation of the first zones is expected shortly.

Simplified planning procedures are also one of the attractions offered by the 23 enterprise zones which have been set up around the UK. Most important, however, is that they give 100 per cent tax allowances on investment in buildings, and 10-year rate holidays from the date of their inception.

The enterprise zone experiment, however, will not be extended. Although some have been very successful in attracting private sector investment - sometimes by making the tax allowances available to individuals - they have been judged too expensive on a cost per job basis. The Government has thus rejected the idea of tax incentives as a means of bringing in the private sector, although some commentators believe these to have been the key to the success of urban renewal in the US.

Another important element in American schemes is the partnership between the local municipality and the private sector. The Thatcher Government is less disposed to recognise the role that local authorities can play, some of its most important weapons deliberately going over their heads.

This is a mistake, say not only the authorities themselves but parts of the private sector which have built a working relationship with them on urban renewal. This was the message delivered by Mr Norman Wakefield, executive chairman of Y J Lovell, to a fringe meeting at the Conservative Party conference.

Lovell - one of several construction companies putting considerable resources into urban renewal - is in partnership with the Halifax and Nationwide building societies through Partnership Renewal of the Built Environment (Probe), an agency with £150m formed to bring about joint action in the inner cities with local authorities.

Building societies are prepared to play an increasing part in the development of inner cities now that they have powers to own and develop land. They are particularly attracted towards specialist markets, like homes for the elderly and single people. But they are also looking at ways to develop a bigger, and well-balanced, rented sector.

The Chandlers in Leeds city centre, opened last month, is the first scheme in the country to combine public sector grants and private funding through a Halifax index-linked mortgage - a financing method advocated in the new housing White Paper. The £8.3m project, in association with the Regent Housing Society, Leeds City Council, the Environment Department, and English Heritage - will provide homes for single people, for sale and for rent. Single people are seen as crucial to the regeneration of balanced communities in the old inner city areas.

Urban renewal schemes like these are a pointer to areas where the private sector can envisage a return on its investment. They also help to bring confidence back to the cities. But they are only a start of the enormous programme that lies ahead.

The mechanisms

A confusing variety of projects

A WIDE variety of approaches to urban renewal has developed over the last decade. The effect can be confusing to the outsider, as the Government admits. There are schemes which concentrate on the renewal and refurbishment of the fabric, others on training and job provision for people living in urban areas in decline.

In the first category, most involve the concept of public money being used as pump-priming in order to attract private sector investment. In the second, government money and the co-operation of business and industry - sometimes on a scale such as through a local enterprise agency, occasionally with the help of big companies not located in the area - are needed. Occasionally, the private sector takes the lead in an initiative such as that being co-ordinated by Business in the Community in Halifax, and by Phoenix in Manchester and Salford. And, increasingly, large-scale projects bring in both elements.

At the top of the scale, as measured by financial consideration, are the urban development corporations. They are controlled from Whitehall, bidding for their funds annually as part of the public expenditure round. The Government believes this to be the best vehicle for generating renewal in areas where there are large amounts of derelict, or semi-derelict, land and buildings.

The first two were set up in London Docklands and Merseyside. Just as Britain used to attract visitors worldwide to the post-war new towns, so planning and urban renewal specialists flock to Docklands and Merseyside. Docklands, on the doorstep of the City of London, has been by far the most successful in bringing in private investment, most recently for the development of Canary Wharf. The Royal Docks eastwards are the next challenge. Merseyside, where developers have much more difficulty in envisaging growth in capital values and income yields, has so far had far less success on this score.

The new corporations are on Tyne and Wear, Teesside, Trafford Park (near Manchester) and in the West Midlands. They face the huge task of mobilising private sector interest in parts of the country which have fallen victim to the industrial shake-out of the early 1980s. In Cardiff, the challenge is to put life back into the old docks area. The time span for renewal in these areas could be a generation.

Belfast is pressing for an urban development corporation to help develop a large area on the riverside, while corporations covering smaller areas are also in the Government's plans.

Some local authorities have had considerable success in getting the ball rolling, without the aid of the extra funds which come with corporation status. Notable among these is Salford Council, which had the foresight to buy the land around the docks a few years back and thus avoided the problems of disparate ownership of land. A new hotel, office developments and leisure facilities are helping to transform this particular area, the start of an ambitious programme between the council and private developers.

Glasgow is where the most dramatic advances have been made, starting with the renewal of the rundown eastern part of the city which was under the management of the Scottish Development Agency, and spreading to the area known as Merchant City. Some £320m of public money has gone into the east Glasgow renewal, which generated £190m of private sector investment. The next big push is on the south bank of the Clyde, the scene of next year's Garden Festival, another means of promoting urban renewal which was tried first in Liverpool.

All of these projects have needed substantial government funds. Considerable amounts of money have also been made available through the Regional and Social Funds of the European Community. Brussels is anxious that EC money should have a higher profile in urban renewal in the UK, and that funds should be concentrated more on certain deprived areas rather than spread around. Plans for Birmingham have been backed by Whitehall and submitted to Brussels for consideration in this category.

Government money is forthcoming through a variety of mechanisms such as derelict land grant, urban programme money, urban regeneration grants, etc. The newest is urban regeneration grant, paid directly by the Department of the Environment to the developers of sites of a minimum 22 acres. The first, for £3.25m, has been agreed on an old steelworks site in the Dudley area, where new industrial premises will be built. Ambitious schemes for the development of large sites have been submitted to Whitehall, such as that for the redevelopment of the Whitworth Street area in Manchester, which the Phoenix Initiative is co-ordinating.

Another proposal before the Environment Department is that from a consortium of private sector construction companies and Birmingham Council. The plans are for large-scale rehabilitation of the Aston area of the city, but it remains to be seen whether the Government will be prepared to meet funding on the scale of one of its urban development corporations. Birmingham Council has agreed to ask the department to designate the area as one of the new simplified planning zones - another mechanism by which the Government hopes to promote renewal by speeding up the planning mechanism.

These schemes are ambitious. To be successful, they must generate private investment. The Government has set a target of around £4 from the private sector for every £1 of public money. On many single projects financed by urban development and derelict land grants, this and better gearing have been achieved. But on some of the larger scale plans now being considered, a less favourable ratio may well have to be granted by the Government, at least in the initial phases, in order to inject the confidence which will, it is hoped, result in the desired ratio at a later stage.

At the other end of the scale, numerous projects have been launched with local authority and central government money, help from local companies and voluntary sections - often in the form of management and professional time - like that for the conversion of a former public baths into a community centre in Handsworth. With the aim of improving the lives of the residents, such schemes can often have more relevance than those designed to attract the developers.

Hazel Duffy

The scale of the problem facing Britain's big cities

Physical decay and human despair

RIOTS IN a number of Britain's inner cities during the 1980s have added a final dramatic climax to the painful spiral of social and economic problems which afflict many of these areas.

There is no single inner city problem. Lack of jobs, poverty, crime, drug abuse, bad housing and a generally inadequate environment all exist side by side and complement each other, sometimes on a scale which can appear to defy solution.

Unemployment rates of 30 per cent or more remain common in deprived areas of Britain's big cities and among some groups, like ethnic minorities, can be much higher. The rise in unemployment has been the major cause of the increase in the number of families drawing supplementary benefit and, in many cases, living on the margins of poverty.

The Child Poverty Action Group, in a recent report on poverty, concluded that it is most intense among the long-term unemployed, many of whom are concentrated in old urban areas.

"The North has consistently had a higher rate of unemployment than the South-East. Yet this should not hide the fact that within regions there are also great inequalities - for example in the inner-city London borough of Hackney, the unemployment rate is as high as 31 per cent."

This disparity between and within regions applies not only to unemployment, but to other social issues like health. Several reports this year have concentrated on the existence of a North-South health divide. The Health Education Council, in its final report, drew attention to the fact that death rates are highest in Scotland, followed by the North and North-West of England. They are at their lowest in the South-East and East Anglia.

"What is becoming increasingly clear from fresh evidence is the great inequalities which exist between communities living side by side in the same region," says the report.

This aspect of the question was highlighted in Poverty and Labour in London, by Prof Peter Townsend, Professor of Social Policy at Bristol University, published earlier this year. Prof Townsend pointed to a strong relationship between social deprivation and death rates in the London boroughs. Death rates of males aged 40-44 and 50-54 in the inner-city boroughs of Tower Hamlets and Hackney were twice as high as those of outer boroughs like Bromley.

A report on the inner cities by the Royal Institute of British Architects says the inner-city crisis can be measured in housing statistics, the decline of investment, depopulation and unemployment. "Deprivation has been measured by successive governments in various ways - all these draw a picture of wasted resources, physical decay and human despair."

The English House Condition Survey in 1981 identified 4.3m dwellings - 24 per cent of the housing stock - as unfit, lacking basic amenities or needing substantial renovation. There were now 697,000 dwellings unoccupied, most of them in the inner cities.

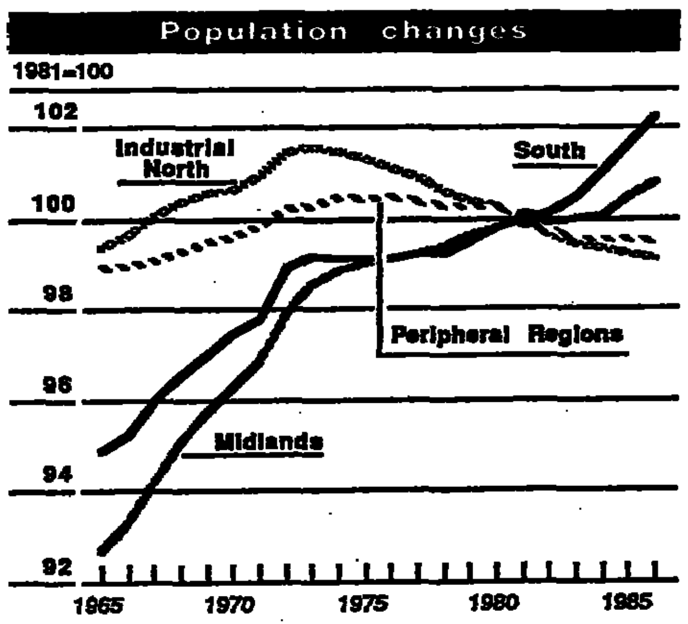
Mr Norman Fowler, Employment Secretary, declared last month that the most serious challenge facing the inner cities is jobs.

He said his department had two objectives - to ensure that more jobs were created in the inner cities, and also ensure than those jobs went to residents of inner city areas. In an effort to achieve these objectives, the Government would be:

- targeting the Enterprise Allowance Scheme and Small Firms Loan Guarantee Scheme more specifically on the inner cities;
- supporting local enterprise agencies;
- enabling the unemployed in the inner cities to make maximum use of the Jobcentre service, including the appointment of staff to assist ethnic minorities;
- opening up maximum access to training opportunities.

Alan Pike

Population changes



Urban-Rural Contrasts in Population Change

Percentage change: 1971 to 1985

	South	Midlands	Industrial North	Periphery	UK
Conurbations (over 500,000)	-11.1	-6.0	-7.4	-14.8	-9.2
Large cities (250-500,000)	-8.5	-4.7	-0.8	-13.8	-6.1
Large towns (70-250,000)	3.0	8.8	-0.6	-8.2	1.5
Small towns and rural areas	13.5	10.6	10.5	5.7	10.4
All areas	3.9	3.7	-1.6	-0.4	1.8

Source: OPCS, Scottish Abstract of Statistics and NI Abstract of Statistics.

Amos Estate, Rotherhithe - to become new and refurbished rented homes in Barratt East London's latest partnership project in London Docklands

Why private sector developers are still wary of the inner cities

Performance from the portfolio comes first

"PROPERTY IS the key to unlocking the problem of the inner cities," Sir Robin Duthie, the chairman of the Scottish Development Agency, recently told an audience of chartered surveyors at Gleneagles.

But the key will not turn in the lock until private sector developers decide that the balance of risk and reward is tilted in their favour. Nor will it move until the financial institutions are satisfied that they will obtain not only a yield on their inner city investments but a capital gain as well.

While investment has sometimes followed where there are tax concessions to stimulate development, it is also true that there is no great movement of funds out of the South-East into other regions.

For a developer, building a new office complex on Tyneside with rents at between £6 and £7 a square foot makes little sense if the market will not throw up £8.50 to provide what he sees as an adequate return on the initial investment. And if the figures do not stack up for the developer then they are unlikely to stack up either for the bank which might provide the project finance or for the ultimate buyer of the property.

The official system of grants and incentives - basically a more complicated and varied version of inducements that have been available since 1935 - goes some way to meet this financing gap. Yet the existence of the gap is a reflection both of the internal economic dynamism of the town in question and of the dynamism of the economy in general.

For the purposes of the potential property investor the local dynamism is arguably the most important factor. This explains why investors have been laggardly in putting up funds for industrial and office developments but have been prepared to look at retail property pretty well anywhere.

There has thus been an explosion of retail property development that has left no part of the country untouched. Spotty economic prospects have not deterred retail developers, confident that, from Liverpool to Teesside and from Glasgow to London Docklands, there is disposable income and easy credit to sustain the consumer boom.

Still, this remains important for the wider process of urban renewal. "There is no city in existence where the downtown retail sector is troubled and the other components of city life remain unaffected. To foster office development, housing or cultural amenities around a lifeless retail core is virtually impossible", says Mr Robert Carey, president of Urban Centre Developments, the San Francisco company which provided consultancy services to the original development team at Canary Wharf in London Docklands.

For developers and institutions alike, the risk-reward sum in retail property has tilted this decade firmly towards reward.

Hence the reclamation of derelict land at Gateshead and Dudley for massive shopping developments respectively undertaken by Cameron Hall Developments (the early phases of which were bought by the Church Commissioners) and Richardson Developments. Hence, too, the presence of retail developments in the plans for reclamation projects in Cardiff, Teesside and Merseyside.

Here the development drive chimes in with the broader movement of the economy to the extent that, this decade, total returns on retail property for the investing institutions - insurance companies, pension funds and property unit trusts - have been higher than for other property sectors.

The latest figures from the Investment Property Databank show that the total return for retail property between 1980 and 1986 was 12.8 per cent, *against* 7.7 per cent for offices and 6.5 per cent for industrial property.

The point about this is that, for the developers, often not wishing to retain a project, the institutions have traditionally been the ultimate buyers. The institutions have been readier to buy retail developments outside the central London area than other forms of property. Developers are loath to start projects unless they feel reasonably assured that there will be a buyer at the end of the day.

The institutions are crucial. Leaving aside retail property, developments in the inner cities broadly split between those for owner-occupiers and those for leasing. It is in ownership of the properties for leasing that there is slack in the market for the institutions to take up if they will.

The experience of the Isle of *Dogs in London Docklands has* shown that owner-occupiers are prepared to invest in new developments where they are offered tax concessions which make cheaper the expansion they were probably planning anyway. But the leasing market is something else.

Although Guardian Royal Exchange has developments in London Docklands, the presence of the institutions in the market is scarcely overwhelming. Yet the commercial prospects of London Docklands, given its position at the centre of the most prosperous region of the country and its proximity to the City, are brilliant compared with the derelict areas of other cities.

This reluctance is based on simple reasons. Mr Ian Cockburn, the investment manager at Electricity Supply Nominees, one of the biggest pension fund property investors, says that "the primary function is to get performance out of the portfolio. We only have a duty to go down the road if we meet that. To buy for social reasons is totally wrong."

Greater interest by the institutions would probably draw in its wake greater interest from the banks in providing the short and medium-term finance for inner city developments. The explosion of property lending by the banks has never disguised concern about eventual buy-outs of developments.

But a survey of banking preferences in the property market, undertaken by Debenham Tewson and Chinnocks, chartered surveyors, showed that in any case the enthusiasm to lend dropped sharply outside the South-East region.

There is then a financing vicious circle - concern about buy-outs throttles the loan finance and in turn stifles the developers. Finding a way to break into that circle is likely to be more important for the urban renewal programme than any amount of Government rhetoric or another variation on the grant system.

Paul Cheeseright
Property Correspondent

Job creation

Training the community

JOB CREATION is a key element of urban renewal strategy, and in the case of most of Britain's inner cities this means skills creation as well.

Many of the jobs - both skilled and unskilled - which traditionally provided employment in inner city areas no longer exist.

A combination of this and other factors has produced a legacy of exceptionally high unemployment in such areas, much of it among people who are either unskilled or whose skills have become redundant. And there is a danger that, even as new jobs are created, they will bypass the inner city population and be filled by people already equipped with new skills travelling from other areas.

This is leading to the establishment of a range of schemes to improve the skill level of people living in the inner cities, and increase their chances in the employment market.

In some of the areas worst affected by high unemployment this is not an easy task, since it by no means clear precisely what skills will be in high demand in coming years. This means that training, particularly among young people, has to be aimed at keeping up their motivation and making them *sufficiently adaptable to seize* whatever opportunities arise. It can also involve preparing unemployed people for something other than a conventional job.

In Cleveland, one of the areas worst affected by unemployment, the Government's North Central Middlesbrough Task Force *is funding a census of* skills among the local population to help bring together people who can start group projects which will benefit the community as well as create jobs.

Cleveland is also the location for a novel approach to training modelled on a successful Australian scheme, Community Improvement Through Youth (City). The Cleveland version, launched in September, is called Create and is intended to foster the development of an enterprise culture in the county through community projects.

Trainees will acquire the skills needed to establish and run an enterprise by designing and managing community projects. This distinguishes Create from other enterprise training schemes, most of which are aimed at preparing trainees for small business start-up and self-employment.

The promoters of Create say that many people in areas of high unemployment like Cleveland do not have realistic opportunities of starting their own businesses. But the scheme is intended to give them the same type of training through running community projects, and provide a response to the fact that "the Cleveland community faces rapid change and needs to *develop a culture* than recognises initiative and fosters enterprise skills."

It is intended that 3,000 people should receive enterprise training in this way during Create's first three years - half of them unemployed, and the others recruited via schools, the *Youth Training Scheme, Com*munity Programme, Job Training Scheme and private companies.

The programme has initial funding for the first three years from the Manpower Services Commission, local authorities and private employers, notably Tioxide UK. If successful, it could prove the forerunner for a national scheme.

For many people living in the inner cities, the MSC's Community Programme continues to provide the most realistic alternative to unemployment, and sometimes a stepping stone to a permanent job.

Task Undertakings, with its headquarters in Birmingham, was set up in 1982 following an initiative by the Prince of Wales. It provides Community Programme places in inner city areas of the West and East Midlands and London, and more than half the 5,000 people who have been through the organisation's scheme have subsequently found permanent work.

About one-third of the people taking part in Task Undertaking's project are from ethnic minorities. There is a particularly strong need for improved training opportunities for members of ethnic minority communities - they make up a large propor*tion of the population in most* inner city areas, and unemployment rates are double those for the white community.

The Government last month announced the expansion of the Industrial Society's Head Start in Business training scheme in the Department of Trade and *Industry's inner city* task *force* areas.

Headstart incorporates a number of initiatives aimed at improving education-industry links, as well as offering enterprise training to potential young entrepreneurs in the inner cities. Last year 75 young *people were given this form of* training - backed up by support from their local business communities - to help them start their own businesses.

The scheme has been operating for the past year in the inner city task force areas of Middlesbrough, Leeds, Leicester, Bristol and North Peckham and North Kensington in London. It is being extended to Handsworth in Birmingham, Moss Side in Manchester, Spitalfields in London and Hartlepool.

In a report on the first year of the project, the Industrial Society finds that many unemployed people in the inner cities have "developed skills and determination" which could be used to form the basis of their own businesses.

"Many ethnic communities also have a very successful track record of setting up in business - the Asian, Vietnamese and Chinese communities for example. As a result there are already many small firms, often family-based, in the inner cities and there are people capable of self-employment who need training, contacts and funds."

But, says the report, small businesses in the inner cities face particular problems. These include difficulty in obtaining finance to expand, restricted marketing, poor presentation - from shop fronts to customer service - and poor links with established local companies.

Alan Pike

Britain's housing crisis: 'more talked about than acted upon'

A problem too big for politics

"IF YOU put a profit and loss account to it, then perhaps we can't afford it. But we can always cope when there is an emergency, and I say we have an emergency in housing now."

Mr David Goldstone, managing director of Regalian Properties, becomes understandably frustrated with the amount of talk about inner city regeneration. Regalian was actively creating homes out of slums and surplus urban buildings long before renewal became the highly fashionable political issue it is today. And although it is less than a year since the Prince of Wales verbally keel-hauled housebuilders for concreting over the Green Belt, Regalian was by no means the only developer building on reclaimed factory sites or partnering local authorities, housing associations and building societies in refurbishing run-down housing estates and unused railway sidings.

In fact, less than 40 per cent of the country's new homes are now built on greenfield sites, and the proportion is even lower in the South-East.

The commercial housebuilders are, then, doing their bit. *Yet the number of homeless* continues to increase.

Although Mr Nicholas Ridley, the Environment Secretary, may have to take on extra junior ministers to accommodate the invitations he now receives to make suitably impressed tours round modernised council properties and reclaimed building sites, the blunt fact is that current urban renewal programmes are barely denting the surface of the problem.

The English Housing Conditions Survey of 1981 revealed that 4.3m dwellings, 24 per cent of the housing stock, were either unfit to live in, lacking basic amenities or requiring substantial renovation. Council house building has ceased to be a major factor in the market since then, with annual completions falling below 35,000 and new private sector completions barely keeping pace with the basic housing replacement needs, let alone improving the overall housing stock.

In addition to deteriorating homes, there are now nearly 700,000 homes, most of them in the major metropolitan areas, lying vacant. For the most part, they are empty because they are uninhabitable.

In the International Year of Shelter for the Homeless, Britain's housing crisis remains *more talked about than acted upon.*

And some of that talk costs homes.

Mr Ridley was clearly following through the Prime Minister's immediate re-election commitment to inner city renewal when he recently clamped down on south-eastern county councils' Green Belt erosion plans.

Mr James Barham, chairman of Hertford-based builders Rialto Group, spells out just what this unambiguous ministerial commitment to help concentrate development in the problem city areas means for his part of the country. "It has been a complete Government U-turn," he says. "The county council was ready to accept, and had recommended, that selective development should take place. That was rejected."

The relevance to inner city renewal of that, and similar decisions on other county structure plans is that, by drawing a "no-build" line around all the areas covered by the old Green Belt regulations - whether that land happens to be semi-rural industrial sites, rubbish tips, or any other form of non-urban blighted land - the Government has further restricted housebuilding in the areas where people want to live. These restrictions on development compound problems in in the inner cities by giving a further sharp twist to the spiralling increase in site costs.

A further set of paper borders, this time with a "must build" imperative attached, is proposed in the form of the Housing Action Trusts.

The HATs would have powers to take over private as well as council housing in a nationally spread variant of the planning powers that were adopted for the regenerative work of the London Docklands Development Corporation.

Mr Goldstone has extensive development experience in London's Docklands as well as in many less publicised inner city areas across Britain, and he welcomes the HATs as "a way of achieving consensus.

"This is a problem that has to be taken out of politics, and I think there is a chance of a far greater commitment on the part of everyone: private developers, councils, government and local people. It has to succeed, since so many people homeless or living in terrible housing erodes the fabric of society. There is a tremendous opportunity here if - and I have to say if - there really is the commitment ot action."

The critical importance of partnership in financing and restructuring redevelopment deals is echoed by Mr Richard Reynolds of Barratt, East London. "The local authorities are starting to talk to people like us because they can see if they have an estate with lots of voids and in a condition that they cannot possibly afford to improve, multi-tenure deals can be the answer."

Barratt has made commercial sense of refurbishing major estates that had become "no-go" areas through years of decay by mixing open market sales of flats and houses with price-subsidised sales, fair-rented homes and, while they were still generally available as an option, shared-ownership homes.

Money from open market sales can cross-subsidy the social housing, and Barratt can make a realistic commercial return on its efforts. Mr Reynolds firmly believes that "not enough use is made by councils in bartering land and buildings they cannot develop themselves for money to do their own developments, or in kind to improve their own housing stock."

Mr David Pretty, until recently Mr Reynolds' opposite number as head of Barratt's West London operations and now managing director of St George, a development group, argues that "the councils don't have the financial resources to tackle the problem on their own and so there have to be partnerships where the emphasis is on getting things done rather than talking about them."

There is still, he says, "an enormous amount of derelict land in the ownership of public bodies and there is not the co-ordinated campaign to streamline planning and turn a situation, where all the political parties agree something must be done, into activity.

"Builders still have to tread their way through the politics at local level, and decisions taken now won't be translated into homes for two to three years."

Mr Pretty makes the point that "even if you got the land in for nothing, building costs are such that if social housing is to be provided, the Government has to accept that there would need to be a substantial subsidy in one form or another. Without subsidy it would be impossible to build homes for rent at prices people could afford."

The architect Raymond Cecil, of Cecil Denny Highton &m Partners, has warned that as the Government promotes urban renewal through a series of initiatives designed to generate commercial and industrial activity, "there is real danger that the deprived and underprivileged will find their problems a exacerbated rather than solved. Unhappily, the very increase of prosperity displaces the substandard accommodation occupied by this sector of the community, replacing it with homes priced far beyond their resources."

He argues for common sense in the use of local and public authorities' bargaining powers in releasing land so that commercial developments help to subsidise social housing schemes. But he also points out that "it seems unlikely this will happen in most cases, since there is almost exactly the same pressure on local authorities and statutory bodies as there is on private land owners to extract the greatest financial benefit from their landholdings."

Mr Goldstone sees the need for a more profound change in attitudes to break down the current sharp dividing line between commercially viable and social housing.

"There would be a ready market for sales and rentals and a greater opportunity to avoid the situation where we all build in isolation if we could get away from the idea of ghettos of council housing. It will take time to eradicate the so-called stigma of council estates, but it has to go."

As it is,the complex partnerships of public land and private finance, community compromises on planning and builders' balancing acts between profitable developing and social building at, and often under, cost are only slowly breaking through to the problems of housing in older urban areas.

"In a perfect world," says Mr Reynolds, "all the empty properties that are providing no shelter and creating no revenue would be handed over and we'd have money to get on and build all the homes needed on surplus land made available for development - but it isn't a perfect world, and what we are doing is better than doing nothing."

John Brennan

Older properties being refurbished in Bury, Lancs, earlier this year

Inner city policy

Whitehall in charge

URBAN RENEWAL schemes have snowballed in the past few years and with them, the increase in tension between departments in Whitehall, and between local and central government.

The present political framework for urban renewal goes back a decade, when the concept of partnership between central and local government in this sector was set out in the last Labour Government's White Paper on inner cities.

The Environment Department inherited the policy, adapting and adding to it in response to the growing problem of industrial dereliction and city decay. At the same time, the Employment Department was devising policies to address the growing problem of unemployment and the need for training. A special unit was set up on inner cities in the department, which has been maintained. But responsibility for the special inner city Task Forces, and City Action Teams, set up by Mr Kenneth Clarke when he was at Employment, were transferred to the Department of Trade and Industry with Lord Young and Mr Clarke after the last general election.

The DTI is also the department with responsibility for regional policy, which is concerned with the administration of grants to industry in the assisted areas with particular emphasis on attracting investment from overseas. The inner city areas sometimes coincide with the assisted areas, but in general inner city policy has been almost completely divorced from regional policy.

Other government offices have a considerable interest in inner cities, notably the Home Office and more recently Education, while the particular problems as they relate to Scotland, Wales and Northern Ireland are handled by their respective offices.

These departments form the nucleus of the new cabinet committee on inner cities. The committee is chaired by the Prime Minister, indicating the importance of the subject to the Government.

But it also recognised that greater co-ordination of the work of the various departments was urgently needed. Ministers and officials have tried to play down the competing cla'ms of departments - notably t.e DTI and Environment - to be the lead in a policy area where Mrs Thatcher has made it quite clear that she wants to see substantial progress. Nevertheless, there is tension, particularly at the centre. This tension is reflected at another level, between central and local government.

Put very simply, some ministers, notably Mr Nicholas Ridley, Environment Secretary, are convinced that the Government, not the local authority, must play the role of agent for economic development, and that it must be done through regenerating the fabric of the worst-hit areas.

"What public capital should be used for is for putting right uneconomic sites which are not part of the commercial property management of an area. We do the uneconomic parts of it. So I think there is a clash between central and local government, if local government wishes to use that money for purposes which are not well-directed," Mr Ridley said recently, on the Analysis programme on Radio 4.

The urban development corporation is the main mechanism in Mr Ridley's policy. They were described by Mr Michael Heseltine, who set up the first two in London and Liverpool, as "in all practical senses... new town corporations in old cities". In all cases, except Cardiff Bay, the corporation assumes the planning powers which normally rest with the local authority. The boards are appointed by Whitehall.

In other areas of inner city policy, Mr Ridley is expanding the scope for direct links between Whitehall and developer, for instance in the new urban regeneration grant. His junior minister, Mr David Trippier, formerly in charge of small firms policy, has the difficult task of trying to reconcile Mr Ridley's enthusiasm for regenerating through urban development corporations with his own experience of the importance of local advisory and help groups, particularly enterprise agencies, in redressing the drift of population and jobs from inner cities.

Mr Clarke, Industry Minister, has made it quite clear in public statements that local people must have the chance to compete for the jobs that renewal programmes are bringing to the inner cities. If they do not, the risk is that they feel increasingly alienated. The Task Forces, with small budgets, and frequently opposed by the local authorities in the areas in which they have been set up, report direct to Mr Clarke. Their job is to improve the opportunities for work for those who live in the inner cities. It is a long, slow task.

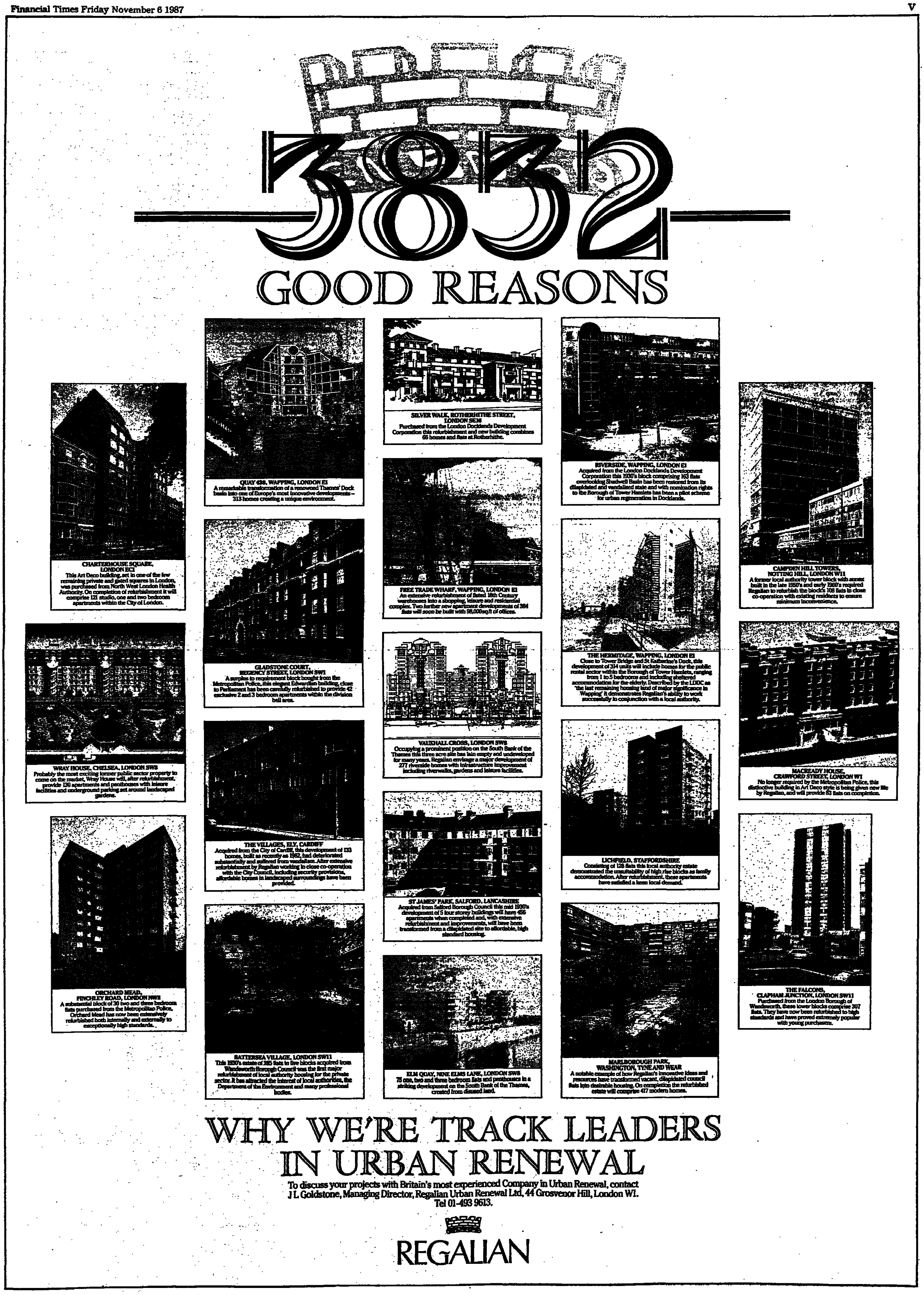
Meanwhile the need for greater co-ordination on the ground between government departments was recognised in the setting up of the City Action Teams covering the work of the DTI, Employment and Environment. It is the approach that is likely to find increasing favour with DTI ministers who hope to bring elements of regional policy within its scope.

The variety of problems - economic, social and environmental - which characterise urban deprivation must give rise to different mechanisms to try and deal with them. It is very apparent, however, that more agreement on aims and means to achieve them is needed. It is also notable that in Scotland, where local authorities and the Government's Scottish Development Agency have tended to work together on urban renewal, progress in redressing the problem has been greater. Local authorities also need to be agreed about their objectives, and particularly the need to bring in the private sector, if they are ever to convince government that they have a role to play.

In the US, the scene of many of the urban regeneration models for the UK, the development agencies have frequently been set up by metropolitan authorities. Everything about the outlook of these authorities - in contrast to many in the UK - is designed to woo business to their derelict areas.

Hazel Duffy

Mr Ridley: "there is a clash"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GOOD REASONS
QUAY 430, WAPPING, LONDON E1
A remarkable transformation of a renowned Thames' Dock basin into one of Europe's most innovative developments – 313 homes creating a unique environment.
SILVER WALK, ROTHERHITHE STREET, LONDON SE16
Purchased from the London Docklands Development Corporation this refurbishment and new building combines 66 homes and flats at Rotherhithe.
RIVERSIDE, WAPPING, LONDON E1
Acquired from the London Docklands Development Corporation this 1930's block comprising 163 flats overlooking Shadwell Basin has been restored from its dilapidated and vandalised state and with nomination rights to the Borough of Tower Hamlets has been a pilot scheme for urban regeneration in Docklands.
CHARTERHOUSE SQUARE, LONDON EC1
This Art Deco building, set in one of the few remaining private and gated squares in London, was purchased from North West London Health Authority. On completion of refurbishment it will comprise 121 studio, one and two bedroom apartments within the City of London.
FREE TRADE WHARF, WAPPING, LONDON E1
An extensive refurbishment of listed 18th Century warehouses into a shopping, leisure and residential complex. Two further new apartment developments of 384 flats will soon be built with 98,000sq ft of offices.
CAMPDEN HILL TOWERS, NOTTING HILL, LONDON W11
A former local authority tower block with annex built in the late 1950's and early 1960's required Regalian to refurbish the block's 108 flats in close co-operation with existing residents to ensure minimum inconvenience.
GLADSTONE COURT, REGENCY STREET, LONDON SW1
A surplus to requirement block bought from the Metropolitan Police, this elegant Edwardian building, close to Parliament has been carefully refurbished to provide 42 exclusive 2 and 3 bedroom apartments within the division bell area.
THE HERMITAGE, WAPPING, LONDON E1
Close to Tower Bridge and St Katherine's Dock, this development of 314 units will include homes for the public rental sector within the Borough of Tower Hamlets, ranging from 1 to 5 bedrooms and including sheltered accommodation for the elderly. Described by the LDDC as 'the last remaining housing land of major significance in Wapping' it demonstrates Regalian's ability to work successfully in conjunction with a local authority.
WRAY HOUSE, CHELSEA, LONDON SW3
Probably the most exciting former public sector property to come on the market, Wray House will, after refurbishment, provide 130 apartments and penthouses with leisure facilities and underground parking set around landscaped gardens.
VAUXHALL CROSS, LONDON SW8
Occupying a prominent position on the South Bank of the Thames this three acre site has lain empty and undeveloped for many years. Regalian envisage a major development of 277 riverside homes with infrastructure improvement including riverwalks, gardens and leisure facilities.
MACREADY HOUSE, CRAWFORD STREET, LONDON W1
No longer required by the Metropolitan Police, this distinctive building in Art Deco style is being given new life by Regalian, and will provide 83 flats on completion.
THE VILLAGES, ELY, CARDIFF
Acquired from the City of Cardiff, this development of 133 homes, built as recently as 1962, had deteriorated substantially and suffered from vandalism. After extensive refurbishment by Regalian working in close co-operation with the City Council, including security provisions, affordable homes in landscaped surroundings have been provided.
LICHFIELD, STAFFORDSHIRE
Consisting of 128 flats this local authority estate demonstrated the unsuitability of high rise blocks as family accommodation. After refurbishment, these apartments have satisfied a keen local demand.
ORCHARD MEAD, FINCHLEY ROAD, LONDON NW2
A substantial block of 30 two and three bedroom flats purchased from the Metropolitan Police. Orchard Mead has now been extensively refurbished both internally and externally to exceptionally high standards.
ST JAMES' PARK, SALFORD, LANCASHIRE
Acquired from Salford Borough Council this mid 1930's development of 5 four storey buildings will have 456 apartments when completed and, with extensive refurbishment and improvements, will have been transformed from a dilapidated site to affordable, high standard housing.
THE FALCONS, CLAPHAM JUNCTION, LONDON SW11
Purchased from the London Borough of Wandsworth, these tower blocks comprise 307 flats. They have now been refurbished to high standards and have proved extremely popular with young purchasers.
BATTERSEA VILLAGE, LONDON SW11
This 1930's estate of 285 flats in five blocks acquired from Wandsworth Borough Council was the first major refurbishment of local authority housing for the private sector. It has attracted the interest of local authorities, the Department of the Environment and many professional bodies.
ELM QUAY, NINE ELMS LANE, LONDON SW8
75 one, two and three bedroom flats and penthouses in a striking development on the South Bank of the Thames, created from disused land.
MARLBOROUGH PARK, WASHINGTON, TYNE AND WEAR
A notable example of how Regalian's innovative ideas and resources have transformed vacant, dilapidated council flats into desirable housing. On completion the refurbished estate will comprise 417 modern homes.
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Tel 01-493 9613.
REGALIAN

Future of the high street

The appeal of out-of-town

CATALYST FOR the rehabilitation of derelict land. Natural extension of retail services to *the car-borne public*. Valuable source of new jobs. All of these claims are advanced in favour of huge new shopping developments outside the traditional town centres.

Most local authority planners remain unmoved, if not directly antagonistic. The Government might be said to be only selectively enthusiastic.

The *fear* is that the untrammelled development of new shopping facilities outside town centres will weaken those centres at the very time when *local* and national policy is to strengthen them.

The case is being argued out in public inquiries, most notably at present in the Manchester area, against the background of stiffening central Government policy designed to hold back out-of-town retail developments.

The difficulty is that there is very little empirical evidence to support the arguments of either side. Superstore developments for the car customer have been going on for some years, but each case has been considered in isolation and the amount of accumulated evidence about their effect on town centres is small.

By the same token, there are only two really big shopping developments which have recently started to operate in locations *which could affect the urban renewal* programme. Their impact *on the city centres of Birmingham* and Newcastle is unclear and could take another five years to assess.

But that is too long to wait. The queue of planning applications for out-of-town schemes *has lengthened. Hillier Parker*, the chartered surveyors, keeps a tally and reported in September that "there is 42.5m sq ft of proposed out-of-town floorspace without planning consent, but only 20.5m sq ft in town centres."

So decisions have to be made, not only in Manchester, but in Teesside, Sheffield, Birmingham, *Exeter, Bristol*, Southampton, around the London periphery and in London Docklands, and in central Scotland around Edinburgh and Glasgow.

Isolated boroughs are in favour of such developments. Salford, Trafford and Stockport have set themselves apart from the opposition of the other seven boroughs in the Greater Manchester area and favour new centres in their areas. Similarly the London Docklands Development Corporation is *likely to favour retail* development schemes over the opposition of the area's boroughs, such as Newham.

Indeed, most planners have come out against the major shopping developments. The London and South East Regional Planning commented in a recent consultative document: "Improvements in floorspace *and quality* are *taking place in* existing centres and there appears *no justification for* all the floorspace currently being proposed in regional shopping centres, particularly as publicly funded improvements in town centres could be jeopardised."

At the current series of inquiries *covering the proposals for* shopping centres around Manchester, Mr David Kaiserman, for the seven boroughs against them, said that the strategy for enhancing the existing centres "is placed at risk by out-of-centre developments; by the diversion of trade from them; the creation of uncertainty in the land use planning context (and, *hence, uncertainty in decision*-making by investors and others; the weakening of the viability of public transport; and the consequent decline in environmental quality."

These two sets of remarks sum up the tenor of the arguments by the planners faced by the pressure of planning applications. They also echo the line taken by the Southampton authorities who have nailed their colours firmly to the mast and mounted a nationwide campaign against the spread of out-of-town centres. So the high street is fighting back.

But the fight back is against a threat rather than a fact. Although it is true that there has been a marked spread of retail warehousing in recent years, this is not so much the point at issue. There are few who dispute that there is a place outside *the town centres for* establishments providing furniture, DIY equipment and bulk household goods. The threat is the completely new centre.

And here, the rate of building so far has lagged behind the amount of development in town centres. Hillier Parker observed that 5.14m sq ft of floorspace is under construction out-of-town compared with 9.1m sq ft in town centres.

Against this background, the Government is in a difficult position. It wants to see companies like Cameron Hall Developments and Richardson Developments, which established respectively regional *shopping centres at Gateshead* and Dudley, succeed. Indeed, Mrs Thatcher has personally given her seal of approval. But it cannot allow this process to go too far without jeopardising the effectiveness of the subsidies it is already providing *for* urban development and land reclamation.

Its latest thinking is en*shrined in a draft planning* circular, on which it has invited comments from local authorities, and which may become the shopping policy next year.

This draft rules out major shopping developments in the Green Belt - a reiteration of existing policy - and in the countryside at large. With a nod in the direction of Cameron Hall and Richardson, it *says* that exceptionally they may be acceptable outside urban areas "where they may result in the *reclamation of a large area of* derelict land." And, again, they might be acceptable outside urban areas where "their impact on established shopping centres is likely to be very diffuse." It concludes that "such cases are likely to be few."

The planners see this as a helpful clarification of views but there are still serious questions *of definition* which have not been answered. They have to consider the effect of new shopping developments on the vitality and viability of existing centres. But they are not clear what vitality and viability mean - beyond the fact that, in their general sense, the creation of these qualities is what the urban renewal programme is all about.

Paul Cheeseright

US case history

Retail health in San Mateo

THE CITY centre versus out-of-town shopping centre battle that is currently erupting in Britain began 40 years ago in the US where "Main Street" has long since been *deserted* in favour of out-of-town shopping centres.

In contrast to the British dominance of city centre shopping, where 94 per cent of retail sales are still transacted, US cities have lost all but about 10 per cent of their retail business to shopping malls.

The pattern of development and city centre decline is common throughout the US. Take, for example, San Mateo, one of the suburban cities on the San *Francisco peninsula in Northern* California, with a current population of about 80,000.

In the pre-war era, San Mateo had a bustling downtown shopping area covering about six blocks with several small department stores as well as a wide range of specialist shops, restaurants, a hotel, banks and a theatre. Today, the shopping centre *has been replaced by local* and regional malls that house an attractive mix of department and boutique stores.

The challenge of the shopping centres came early in San Mateo with the development of a mall on a major through street in the 1950s. Hillsdale Mall, about two miles from the downtown area, quickly shifted the "centre of gravity" away from the traditional centre of town and took a significant portion of business from established retailers that did not move.

The retail health of San Mateo was further threatened by two larger "regional" shopping centres several miles from town. These developments in the 1960s, with major shopping complexes around department stores, affected the fortunes of both downtown and suburban malls.

The addition of a large new enclosed shopping mall about four miles out of town in the late 1970s raised major concern among Hillsdale and downtown San Mateo retailers. They responded with a major renovation at Hillsdale. The mall, like many of its era, has been rebuilt, enclosed and enlarged. For San Mateo, the gamble of upgrading Hillsdale paid off. The shopping centre is thriving while the out-of-town mall has vacant shop fronts.

But downtown San Mateo has never recovered. Now its retailers face a new challenge from the "superstore discounters." These warehouse "no-frills" stores offering a broad range of merchandise at heavily discounted prices can draw customers from a 10-15 mile radius and are quickly gaining huge popularity. *San Mateo's problems are typical* of those of cities throughout the US. Downtown shopping areas have been eroded by shopping malls and now these too are struggling because of over-development and competition from discount stores.

"What cities need to do is refocus on centralisation and stop developing cosmetic programmes that make politicians feel good but have no real impact in revitalising urban life," says Mr Robert J Carey, president of Urban Centre Developments, a San Francisco based urban development firm.

Many US cities have learned the hard way that the cosmetic approach seldom works.

Almost 200 US cities created pedestrian precincts in the early 1970s, in an effort to halt the exodus of retailers and shoppers to suburban malls. Today, however, many cities are admitting that the pedestrian precincts lacked important advantages such as ample parking, co-ordinated shop hours and a balanced variety of stores.

Almost half of the precincts have since disappeared or been drastically redesigned. "If, however, people are encouraged to come back downtown through office occupation, in-town housing, cultural and entertainment attractions, then perhaps retailers and restaurants will return to take their proper place in the streetscapes of our cities," Mr Carey says.

Cities must also take a professional approach to retail centre management if they are to compete with the shopping centres, he adds. "All issues of central retail area decay must be addressed by someone in the capacity of a manager who will look after the city's retail sector just as a mall manager looks after his or her property. The importance of maintaining a downtown shopping area goes far beyond the immediate effect upon local businesses.

"Retailers play a vital role in maintaining the proper recipe of a healthy city," *Mr Carey* believes. "When cities start to lose their retail character, they also start to lose their positive image," he suggests.

Although retail space is often less than 15 per cent of a city's commercial real estate space, office and housing developers are unlikely to choose a city that is perceived to be "going out of business."

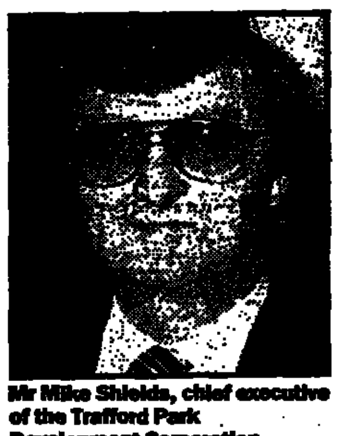
Louise Kehoe
San Francisco

Profile: Mike Shields

New Trafford hopes

MIKE SHIELDS became the first chief executive of the Trafford Park Development Corporation on October 1. In the first six months of his office, he could spend as much money in Trafford Park as his former employer - Trafford Council - had to spend on its entire capital programme in a year.

"Resources are the *reason* why I think that the corporation can do what the local authorities in this area could not. At *least it will be able to do it* very much more quickly. Trafford Council spent probably £1m a year in the area that is now in the urban development corporation. That was a significant proportion of its expenditure, but peanuts relative to the size of the task".



Mr Mike Shields, chief executive of the Trafford Park Development Corporation

It is impossible for Mr Shields to predict at this stage the im*pact that the corporation - one* of five set up this year by the Government to spearhead development in rundown urban areas - can have on the huge and complex problems which have overtaken Trafford Park. Some observers see it as a 25-year job, which will need very much more money than the outline budget of £160m over five to *six years agreed by ministers*. Mr Shields, diplomatically, says that he thinks it is enough.

Just five minutes' drive from the centre of Manchester, Trafford Park was a model industrial estate when it was set up nearly a century ago. The Manchester Ship Canal was its communications artery, and it had good road and rail access. Trafford Park bustled with activity until the early 1950s, when more than 70,000 people worked there. They flocked to factories from their homes in nearby Salford and Trafford.

"It has been downhill ever since," says Mr Shields. Companies moved plants to greenfield sites. At worst, they simply closed down, at best, they stayed but contracted. The story is related most starkly at GEC's turbine plant which used to employ 25,000, and is down now to *around* 4,000. *Other manufacturers*, like Kellogg and Procter & Gamble still have big plants. A few newer buildings have been put up. But great gaping areas *of derelict land, dotted with* rundown buildings, are commonplace.

"It is this mixture, this complexity, which makes Trafford Park different," says Mr Shields.

He is working furiously to get the corporation on the move, and treading new ground all the way. Recruitment for senior posts is going ahead, and architects invited to tender *plans for* Wharfside, part of the park opposite the new sleek developments on Salford Quays, where *Shields has visions of high* quality office and light industry arising from the present jumble of buildings.

But before plans can be transformed into bricks and mortar on Wharfside, agreements must be reached with the existing landowners. Some traditional occupants, happily pursuing noisy, dirty jobs, will have to be persuaded to move *if* the "high-tech" image is to be created.

Land assembly for clearance and renewal, and improved road communications within Trafford Park, are priorities for the corporation. If this can be done by agreement with existing landowners, so much the better. "I see us confining ourselves to acquisitions which will get things *started and to* overcome problems. Our job is to enable the private sector to do their own thing," says Mr Shields.

"Units on Salford Quays are letting at £6.50 a sq ft in the open market. So I am sure this sort of development can happen. If you can point the financial sector to that sort of potential, they will start looking much more interested."

Mr Shields' experience in the public sector and knowledge of the area will be invaluable in *the sort of negotiations that lie* ahead. But there will be battles, particularly if the board, appointed by Mr Nicholas Ridley, Environment Secretary, sticks to its already expressed preference for commercial and industrial development. Most development interest in areas like this outside the South-East of England has been for retailing where *the private sector* can make better returns.

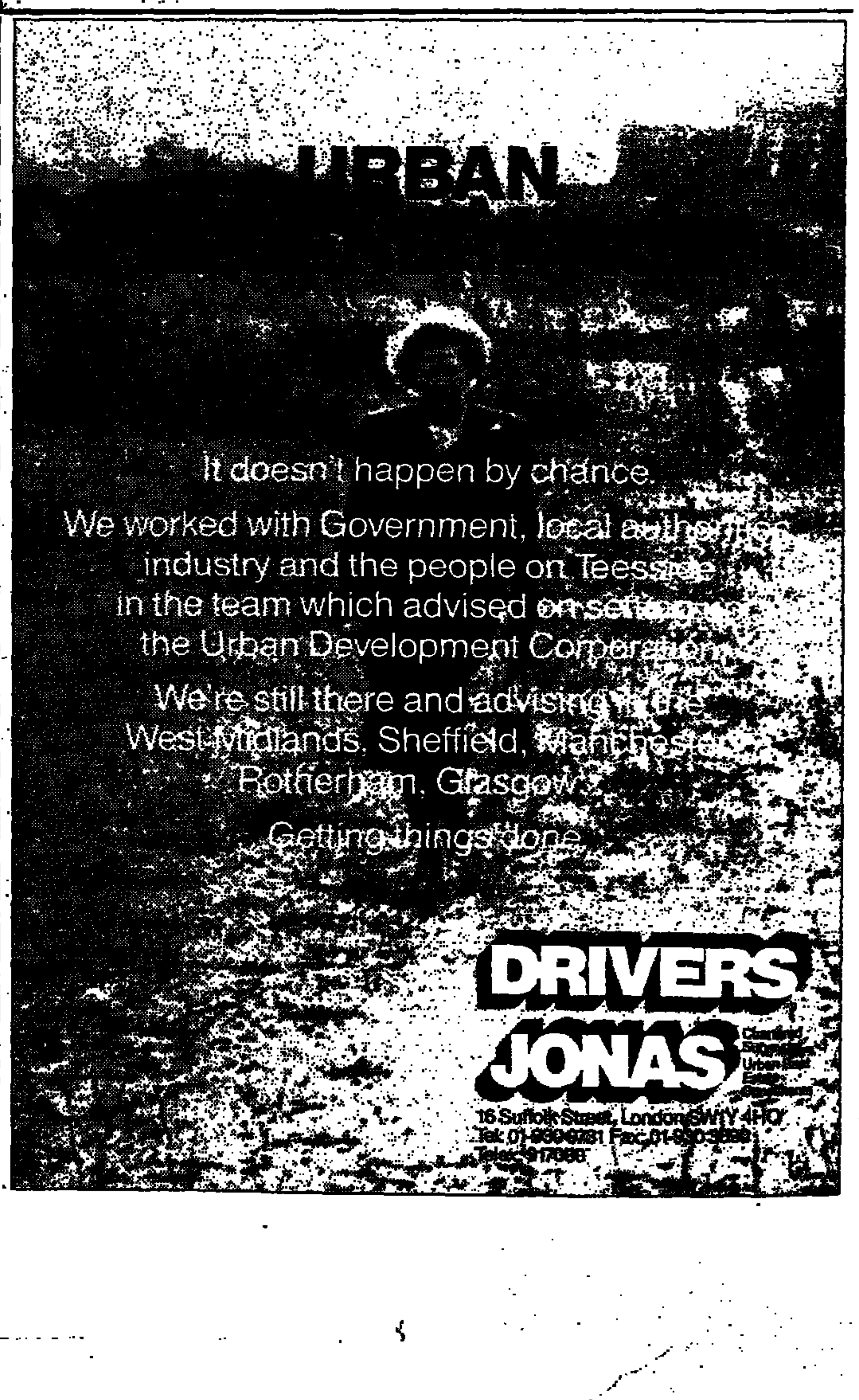
An application for a huge retail complex was submitted be*fore the boundaries of the* corporation were drawn up. Currently the subject of a planning inquiry, along with other applications for out-of-town shopping centres in the Greater Manchester area, it would, if successful, occupy probably the best - and only greenfield - site in Trafford Park.

"If it does not succeed, we will *talk immediately with the* Manchester Ship Canal Company (which owns the land) about the way in which the area could be developed," says Mr Shields.

He believes that "it is in the interest of existing landowners for us to succeed. But if anybody tries to thwart our progress, the option of compulsory purchase orders, following the normal procedures, *is open to us*."

Trafford Park may be unique by comparison with other urban development corporations. But Mr Shields says: "The North is littered with obsolescence like we have here, although perhaps on a smaller scale. If we succeed, then may be there will be lessons which will be good for the North as a whole."

Hazel Duffy



Scotland

No quick answers to the problems

"THIS IS a unique venture we are engaged in ... a long-term process of transforming the way people think about themselves."

In these ambitious terms Strathclyde Regional Council, Britain's biggest local authority, declares its commitment to an urban renewal policy which is intended to reach beyond the mere physical change of run-down areas to changing the people who live in them.

Strathclyde contains within its wide boundaries some of Britain's loveliest beauty spots, but also some of its most extensive urban problems.

One of the attempts to tackle these, the Glasgow Eastern Area Renewal project - Gear - is among the biggest and best known of all urban renewal schemes in Europe. No-one visiting the old industrial East End of Glasgow, with its renovated housing, spruced up streets and new shopping areas could fail to be impressed by the transformation.

But the most recent approaches to urban renewal being pioneered elsewhere in Glasgow and other industrial areas of Western Scotland draw on ways in which Gear has so far failed, as well as its successful points.

Gear did not come cheaply. At least £400m of public funds over 10 years were invested by Strathclyde, Glasgow District Council, the Scottish Development Agency, Manpower Services Commission, Scottish Special Housing Association, Greater Glasgow Health Board and the Housing Corporation. The physical end-product - for example, 4,000 homes in the area have been rehabilitated by housing associations - is seen by all the authorities involved as proof of what could be achieved if this level of public finance were available elsewhere.

The downside is employment. One of the founding objectives of Gear was to retain and create jobs, and around 1,500 are calculated to have been supported or created in the East End as a result of the initiative. But another 9,000 jobs disappeared during the life of the project. The current male unemployment rate in the Gear area is 34 per cent, and is standing still in the face of a slight drop in the overall Glasgow rate.

Job creation in the East End on the scale needed to replace redundant jobs is a daunting task. The old Parkhead Forge steelworks once employed 42,000 people - the equivalent of the entire present-day population of the area. Now closed, its site is being turned into a new shopping centre which will provide around 500 jobs.

The relative failure on the jobs front provoked the people of Glasgow's East End to produce their own video on the Gear project, entitled "A Job Half Done."

"Perhaps one of the lessons of Gear is that we were concentrating too much on the physical regeneration of the area, without taking sufficient account of the equal need for the regeneration of people," says Mr Iain Stuart, depute chief executive of Strathclyde. "In some ways Gear almost bypassed the inhabitants."

This approach has led to a different emphasis by Strathclyde in subsequent renewal projects. A new economic initiative in the Govan area of Glasgow, for instance, is giving education and training precedence over other aspects of renewal, so that local people will be ready to compete for new jobs which in inner city areas often finish up being filled by outsiders.

Still more fundamentally, Strathclyde councillors and officials have become convinced that the revival of disadvantaged communities must come from within. One of the successes of Gear is the extent to which it has brought alive community activists and organisations to fight for resources and investment, and this approach is being encouraged elsewhere.

Castlemilk is a 1950s housing estate on the outer ring of Glasgow centre. It has a population of 28,000, 94 per cent of whom live in public rented accommodation, an unemployment total of 27.1 per cent - 34.3 per cent for males - and all the obvious symptoms of poverty and deprivation. Yet the people of Castlemilk have just produced a glossy brochure, the quality of which would not shame a big city, to market their apparently forgotten community with confidence.

Despite the depressing statistics, it declares, Castlemilk is changing for the better. "Many people have responded to hard times with a determination to do something for themselves." The brochure, and a complementary video, show the positive things about Castlemilk, such as its community organisations, training facilities and Adtec, a venture giving technology training to disabled young people which has just opened in the town. This has found permanent jobs for some of its trainees and is also identifying local businesses opportunities, like photography and printing.

The marketing of Castlemilk - and similar communities in Scotland - is being brought about by the creation of Area Liaison Committees - action groups of local people and the public authorities who look for ways of maximising the existing potential of an area and attracting new resources.

Realistically, the chances of attracting sufficient new jobs to Glasgow's big estates to attack their 25 per cent-plus unemployment rates are low. Efforts are being concentrated not only on training people to compete in a wider labour market, but also to help them maximise their own job-creation potential.

Strathclyde Community Business encourages and supports the establishment of community-based enterprises and Mr John Pearce, its chief executive, calculates that 2,500 jobs in the region are being sustained by such activities.

He cites the example of Barrowfield, one of Glasgow's most troubled housing estates, where a local community business began by obtaining Glasgow Corporation's security contract to protect unoccupied property on the estate from vandalism. This now employs 28 people, while a block of houses has been converted into workshops to start a welding company which has grown out of a small improvement scheme on the estate. The community business is now Barrowfield's biggest employer.

This fact is both a cause for hope and a source of despair. The big post-war estates of Western Scotland were built to house a labour force for heavy industries like steel, shipbuilding and engineering which have shrunk to a fraction of their former size. No-one pretends that small initiatives will replace this number of jobs. No-one expects new employers to bring thousands of jobs into these areas. But the drive to win whatever jobs are available is one of the ways of keeping a high-unemployment community alive.

The Prince of Wales will next month visit Easterhouse, another of Glasgow's post-war estates and another unemployment trouble spot - 34.5 per cent among males. He will see the Easterhouse Partnership, a community-based organisation which is trying to attract new business. But it has a considerable task on its hands - the Technical and Vocational Education Initiative (TVEI) at the local schools has to run its own pilot industries scheme because there are not enough local employers to provide work experience.

One of Easterhouse's biggest employers is Goodwill, a charity set up to employ and train people with disabilities. Growth has been rapid and Goodwill is employing and training nearly 100 people. Its chairman, Mr Colin Williams, who is also director of Glasgow Council for Voluntary Service, has strong views about the need for more public sector support in areas like Easterhouse.

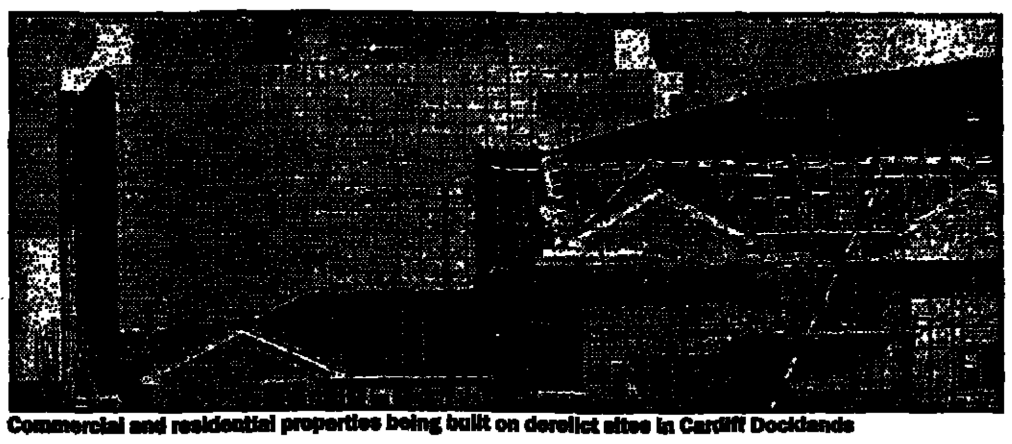
"If the Government is serious about solving urban problems there has got to be a change of attitude. It is crazy waiting for the private sector to give a lead in a place like this. The whole of the MSC's budget in Scotland could usefully be spent in Easterhouse alone."

Mr Williams believes that additional Government support to the voluntary sector could create many socially valuable job opportunities. "We could have a scheme which would employ 1,500 people carrying out energy conservation work for the elderly in Glasgow."

The community-based approach to urban renewal does not offer any magic, quick answers - but neither does trying to attract new industry into places like Easterhouse. One of the things which Strathclyde officials stress from their 12 years of urban renewal experience is that there are no quick solutions, any more than there are cheap ones.

And, in a newly-published review, the council says: "Imposing solutions on the shattered parts of Britain is doomed to failure. Rebirth must, ultimately, come from within."

Alan Pike



Commercial and residential properties being built on derelict sites in Cardiff Docklands

Cardiff's docklands

Instead of Tiger Bay

WITH THE appointment of Llewelyn Davies Planning to draw up the masterplan for the regeneration of the southern part of the city, the development of Cardiff's decaying docklands has moved into a new phase. Cardiff was the first place chosen for the Government's second wave of urban development corporations and the board of the Cardiff Bay Development Corporation, under its chairman, Mr Geoffrey Inkin, deliberated carefully before picking the team to produce the eventual plan.

To begin with, it invited a dozen groups to submit an outline document of how they would tackle the 2,700 acres of what was once, in the days before the first world war, the foremost coal exporting port in the world, known around the world as Tiger Bay. Eight responded and, assisted by a panel of eminent outside assessors, the board whittled them down to a short list of four, from which Llewelyn Davies was chosen.

Even then, the ideas contributed by the unsuccessful competitors, two of which came from the US and one from Britain, could find their way into the eventual strategy. "All the submissions were of an extremely high standard," says Mr Inkin, a former army officer and one time chairman of Cwmbran New Town Corporation, who is driving the whole project along at an enthusiastic pace.

"We shall take, if necessary, the best parts from all the submissions because what we are looking for is a synthesis of ideas. All the contents of the submissions will come into consideration."

Llewelyn Davies, under its managing director, Mr David Walton, says that the development of Cardiff "represents the single most challenging and ambitious urban regeneration in Britain over the next 10 years."

It is a feeling equally held by Mr Inkin, who says that by the time Cardiff's docklands have been rebuilt the city will be the most important in southern Britain after London.

This is a tall order because Cardiff not only has to compete with the other four areas designated shortly after itself for major urban redevelopment, Tyneside, Teesside, Manchester Salford and the Black Country but also with the two urban development corporations set up in 1981 in London's docklands and on Merseyside.

Mr Inkin believes Cardiff has strong advantages over all the corporations with the exception of London, which is in a league of its own. He points to the strong institutional and development interest which has already been shown in Cardiff and to the fact that the Welsh capital is both a centre of government, housing the Welsh Office, and the nearest to London of the areas to be redeveloped.

He still has to convince all the people of Cardiff of the need for the redevelopment. Part of the small community in docklands remains suspicious, or perhaps just apprehensive, about the possibility of being overwhelmed by a Yuppie invasion, as has happened in London's docklands.

They point to a marina development where prices for some houses are nudging £100,000 and are anxious to ensure that such work as will take place in the redevelopment is available for local people and not reserved for outside building contractors' employees.

Mr Inkin is sympathetic. He believes it both right and just that the existing inhabitants, a good proportion of whom live in the council estate adjoining the once infamous Bute Street, should have a fair crack of the whip. He has already met not only their representatives but also with people themselves through public meetings.

Furthermore, he insisted that the headquarters of the corporation should be in the area and that the development plan put forward by Llewelyn Davies is put on display there, probably in the National Maritime Museum.

One other source of potential conflict concerns the environmental issue of what happens to the wildlife, especially a significant wader bird population which in winter relies on Cardiff Bay's extensive mud flats for feeding, mud flats which are due to disappear when a barrage, central to the whole scheme, is built.

The Royal Society for the Protection of Birds has already protested that the loss of feeding grounds is contrary to an international agreement signed by the Government and designed to protect Europe's dwindling number of wetlands. On this, Mr Inkin will have to exercise all his persuasive powers if he is to win over his opponents.

The strategy of the plan being put forward by Llewelyn Davies is to avoid the redeveloped Cardiff Bay being seen as a separate part of the city. Most of the Cardiff Bay area lies south of the main railway line linking London and west Wales. South Cardiff was always, in varying degrees, "the other side of the tracks." Mr Walton has emphasised that the whole object of the development should be to avoid any "them and us" emerging.

The plans will almost certainly include ways in which to suck the commercial and retail life of the city further south than it has been prepared to go for decades.

Once, 70 years ago, it was a vibrant commercial area and as recently as 1945-50, there was still a lot of commercial activity. But with the changing nature of shipping, and the move away from rail-based traffic to containers, coupled with a shift in the emphasis of British trade towards the east coast of the UK, Cardiff's docks and its commercial quarter fell on hard times.

The first step towards drawing commercial activity southwards has been taken by South Glamorgan County Council which, with some enterprise, has built a new county hall for itself in the middle one of the old docks, now given a 1990s name of Atlantic Wharf. The planners' hope is that once county hall has been established, with about 1,100 jobs, the spin-off activities that go with office establishments, shops, restaurants, office supplies will follow.

The theory has still to be tested. But development of Cardiff's docklands is pushing ahead fast and the lifeblood that drained out after 1950 could now be staunched by the tourniquet being applied by the development corporation.

Anthony Moreton

The Docklands Enterprise Zone at the Isle of Dogs

London's problems

Docks are only part of the picture

IN LONDON, the phrase urban renewal usually provokes images of the massive development which is transforming the capital's old dock areas under the London Docklands Development Corporation.

But this is not all the story. Many other parts of London display characteristics of decay and urban deprivation similar to Britain's old provincial industrial areas.

The Association of London Authorities, which represents the capital's 15 Labour-controlled councils, told Mr Nicholas Ridley, Environment Secretary, last month that "inner city problems are now spreading across the whole capital." And it is concerned that there is no London-wide programme to tackle them.

A first attempt by the association to persuade Mr Ridley that the Government and local authorities should work together in handling London's urban problems ended in complete failure.

London Labour council leaders met Mr Ridley with proposals for an inner city forum, on which government departments and local authorities would both be represented, to direct overall urban renewal policy. But after the meeting, they said it had been a waste of time, indicating that Mr Ridley had told them there would be no compromise until the Labour councils accepted Government policy in total.

The London Labour councils make four specific criticisms of the Government's present position on inner city regeneration, some at least of which are supported by local authority leaders elsewhere:

- confusion about which Government department is responsible for various aspects of policy, and an apparent lack of co-ordination;
- an excessive proliferation of initiatives, all of which have different qualifications and criteria;
- no clear idea of the amount of resources which are available for urban renewal;
- some schemes to date have been weak and unable to address the specific needs of local communities.

The London councils plan a further attempt to convince Mr Ridley that the Government should work in co-operation with them and other community-based interests on the capital's urban renewal needs before Christmas. They intend to make new proposals, perhaps with the support of church leaders, voluntary organisations and private sector representatives - they believe the Government may not appreciate the extent to which some Labour-controlled boroughs have worked successfully with the private sector in recent years.

Not surprisingly, the council leaders believe urban renewal should be carried out in partnership with local authorities rather than through the creation of more urban development corporations. There is strong criticism in London local government circles of the activities of the London Docklands Development Corporation.

The Association of London Authorities argues that for every 100 jobs lost in London between 1981 and 1986 the LDDC created only three. It says the LDDC's activities have resulted in some 7,000 jobs disappearing through the closure of local companies in docklands - a net loss of more than 4,000 jobs even when new ones are taken into account. An additional cause of concern is that, because of a lack of the right skills in the old docks areas, many of the new jobs are occupied by commuters from outside the area.

In spite of such concerns, the Labour-controlled Newham Council has provided the LDDC with its first formal agreement between the development corporation and a borough providing for co-operation in the development of the disused Royal Docks. Under the agreement, the council will have an equity stake in property development in the docks. Councillors hope this will bring the borough up to £100m-worth of economic and social benefits from the corporation and developers.

The development corporation has indicated its willingness to grant planning permission for a £750m development scheme in the Royal Docks from Rosehaugh Stanhope. This has to be approved by the Environment Secretary.

Part of the agreement with Newham states that the development corporation will try to ensure that 25 per cent of all jobs created by the scheme go to local residents. This, as elsewhere in London, will involve early identification of the skills required by new employers and the development of training programmes.

The Inner London Education Authority (of which Newham is not part) and the London Enterprise Agency have this autumn created the London Compact, under which employers will work more closely with schools in an attempt to revive employment in the inner city.

Phase one of the scheme is operating in a group of schools in Hackney and Tower Hamlets. Local employers have accepted a target of providing 300 jobs for young people from schools taking part next year. Young people have to meet a set of educational and personal goals covering attendance, punctuality and achievement.

Alan Pike

European Community

A more logical way to treat Cinderella

URBAN RENEWAL is one of the Cinderellas in the EC's regional development policy - a neglected but deserving case waiting to join the party.

That is partly because urban decay in its worst form is a peculiarly British problem and as such lends itself to national UK rather than European Community solutions. While there is no shortage of poor and industrially backward cities throughout the EC, such as Naples, Liege or Marseilles, their problems are simple to grasp compared with their UK equivalents. None of them has to contend with the complicated and toxic mixture of unemployment, racial tension, crime, urban decay and depopulation to be found in areas like Liverpool or Belfast.

That said, the European Commission is trying, in its latest proposals for reforming its structural funds, to bring more focus to regional spending, even if Britain's inner cities will not be top-priority candidates for EC help. The proposals would involve a doubling in the structural funds from the present Ecu 6.5bn to Ecu 13bn by 1992, the target date for dismantling barriers to free trade in the EC. The main purpose of the increase is to shift resources from the rich North to the poor South, a task made all the more important by last year's accession of Spain and Portugal.

However, the proposals also contain specific references to urban renewal. "Even if it will not be a clearly defined target, the accent on urban problems will be there," says Mr Georges Rencki, a regional policy director for the Commission.

The EC's main tool for helping to iron out regional disparities is the cash available from the European Regional Development Fund (ERDF), which disbursed Ecu 2.4bn (£1.65bn) last year and is the largest of the structural funds.

Most of that is a simple redistribution of cash already paid into the EC budget by member governments, or already included in their own regional spending plans. Indeed, in the early days, the ERDF was a way of channelling cash back to the UK to make up for its EC budget problems. All this means it is hard to say how much ERDF spending, if any, is genuinely additional. Moreover, the ERDF has no specific remit to help inner cities.

European Regional Development Fund

Inner City Investments — 1975-1987 Figures in Ecu m.

City	Type of Investment	Number of Projects	Total Investment	ERDF Contribution
Naples	Industrial	161	171.8	33.9
	Infrastructure	349	2,791	1,109
	TOTAL	510	2,963	1,143
Liverpool	Industrial	26	143.5	22
	Infrastructure	156	325.7	79.5
	TOTAL	182	469.2	101.5
Glasgow	Industrial	17	159.6	20.1
	Infrastructure	97	480.3	87
	TOTAL	114	639.9	107.2
Manchester	Industrial	6	43.3	2.6
	Infrastructure	54	155.9	34.2
	TOTAL	60	199.1	36.8
Birmingham	Industrial	6	41.3	2.5
	Infrastructure	21	217.4	40.2
	TOTAL	27	258.7	42.7
Charleroi	Industrial	5	40.0	3.8
	Infrastructure	27	37.9	10.7
	TOTAL	32	78	14.5
Liege	Industrial	9	85.2	6.5
	Infrastructure	27	40.6	10.8
	TOTAL	36	125.8	17.3

Source: European Commission.

It is not allowed to spend on social problems, which means - in theory at any rate - that it cannot contribute to housing. However it did once make an indirect Ecu 100m contribution to housing in Belfast in view of the severity of the city's problems, a move which raised so much controversy among member states that Commission officials say it is very unlikely to be repeated.

ERDF grants are earmarked for two purposes, to help less developed regions, such as Greece or Ireland, which account for 70 per cent of disbursements, while the 30 per cent balance goes to areas of industrial decline. These include areas hit by closures in the steel, coal, textiles or shipbuilding industries and it represents the category under which most EC inner city spending is available. The European Commission is proposing to change that balance to 80-20 to give less developed regions extra help towards adjusting to its plans for a free internal market by 1992.

The Commission has been striving in one form or another since the turn of the decade to try to inject more decision-making at Community rather than national level into ERDF spending. Its success or failure in that respect will have a bearing on Brussels' ability to single out for special treatment regional problems, like urban decay, which would otherwise be a secondary target for ERDF help.

In the past, the Commission's input to regional spending has been little more than to distribute ERDF grants according to national, rather than EC objectives. Its role was confined to sanctioning grant applications put forward by national governments and ensuring they were spent as indicated.

Conscious of the lack of logic involved in recycling EC funds according to national priorities, the Commission drew up new ERDF regulations which came into force two years ago. Among other things, these envisage a so-called "integrated approach" under which projects are drawn together into an area programme. Programmes would be funded over a period of years, as opposed to the old way of setting traditional annual funding for individual projects.

William Dawkins
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